

# **Congressional Budget Justification, FY 2019**



**MILLENNIUM**  
CHALLENGE CORPORATION  

---

UNITED STATES OF AMERICA



# Table of Contents

Executive Summary	5
Opening Markets	9
Compacts in Development	11
Compacts in Development as of FY 2018 Q1	16
Compact Development Process Overview	17
Threshold Programs	18
Compact Development and Oversight	21
Administrative Expenses	23
Office of the Inspector General	28
Proposed Legislative Changes	29
Appendix: Annual Performance Report	31
Endnotes	72





## Executive Summary

(in millions of \$)	FY 2017 Enacted	FY 2018 CR Rate Annualized	FY 2019 Request
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>898.9</b>	<b>800.0</b>
Compact Assistance	671.0	666.4	557.5
Threshold Programs	30.0	29.8	26.6
Compact Development/Oversight: 609(g) and Due Diligence	94.0	93.9	109.0
Administrative Expenses	105.0	104.3	102.4
Office of the Inspector General	5.0	4.5	4.5

The Millennium Challenge Corporation (MCC) is requesting \$800 million for fiscal year (FY) 2019, to support compacts in Tunisia, Burkina Faso, and Sri Lanka and the development of compacts in Timor-Leste and Lesotho, both of which were selected in December 2017 as eligible to develop compacts. This request will advance U.S. values and interests overseas through partnerships that fight poverty, spur economic growth, and support stability in regions of significant strategic importance. MCC selects partner countries based on hard data and rigorous analysis, and results are evaluated, monitored and publicly shared. Our business-like approach is aligned with the Administration's priority of ensuring that the Federal Government maintains responsible and transparent stewardship of U.S. taxpayer dollars.

MCC's operations are guided by the same core principles the agency was founded on 14 years ago and are in line with the Administration's focus on evidence-based decision-making, evaluation, and partnership with the private sector. With a goal of advancing developing countries from aid partners to trade partners, MCC's singular mission of spurring economic growth has been demonstrated to be one of the most effective ways to achieve widespread and lasting reductions in poverty in the developing world. By holding itself and its partner countries accountable for results and continued good governance, MCC advances U.S. security, values, and prosperity. MCC's competitive selection system, which rewards political and economic policy advances, directly supports the President's priority of incentivizing reforms, as stated in the National Security Strategy. And with cost-effective projects, a lean staff, and an evidence-based approach, MCC is a good investment for the American people.

The agency's focus on transparency and accountability for results continues to be recognized. MCC was ranked #1 among U.S. Government agencies and #2 overall in Publish What You Fund's most recent 2016 Aid Transparency Index, released in April 2016. In addition, for the second consecutive year MCC received the highest score of all federal agencies measured in Results for America's 2017 "Federal Invest in What Works Index". The index highlights the extent to which federal agencies build the infrastructure

necessary to use data, evidence, and evaluation in budget, policy, and management decisions.

FY 2019 will be a critical year for MCC and its partners, with transformative programs in several countries on target to be presented to MCC's Board of Directors and signed in FY 2019. Specifically, the FY 2019 request will support compact development in Tunisia, Burkina Faso, and Sri Lanka. These partnerships will advance economic growth and help people lift themselves out of poverty.

- Tunisia's compact provides a unique opportunity to collaborate with a high-capacity partner and fledgling democratic state in an important region of the world, and is expected to address excessive market controls of goods and services, water scarcity, particularly in the agricultural sector of the country's interior regions, and constraints in these sectors caused by restrictive labor market regulations.
- Burkina Faso's second compact with MCC will focus on access to energy and human development. MCC is currently working with the compact development team in Burkina Faso to identify specific problems within these sectors. Investments will potentially focus on improving the production, transmission and distribution of electricity, as well as using targeted investments to improve access to and the quality of secondary and vocational education. Initiatives will also focus on strengthening the institutional, legal, and operational frameworks of each sector.
- Sri Lanka's compact will focus on modernizing the country's transportation and land management sectors. These interventions are aimed at reducing transport bottlenecks and congestion in the Western Province and between the Western Province and other regions; and optimizing the use of state lands for commercial purposes.

MCC's FY 2019 request also represents an opportunity to expand on the success of MCC's model and to continue efforts to maximize agency efficiency and effectiveness, as laid out in MCC's Agency Reform Plan. Key elements include:

- Maintaining MCC's rigorous oversight model and commitment to learning, which includes continuous review of compact and threshold programs, eliminating activities when appropriate via regular monitoring mechanisms, and oversight by MCC's Board of Directors. In FY 2019, MCC anticipates the development of programs in up to 10 countries with another 16 programs in implementation. Continuous monitoring and regular portfolio reviews are an important step in ensuring the agency is maximizing the impact of investments.
- Managing the annual country eligibility process for compact and threshold programs. MCC's competitive selection process is a data-driven, transparent method for determining which countries meet MCC's stringent governance standards. To be considered for MCC funding, countries must first pass MCC's scorecard—a collection of 20 independent, third-party indicators that measure a country's policy performance in the areas of economic freedom, investing in its people and ruling justly. The tool represents one of the many ways MCC is distinctive in how it works to combat poverty through economic growth around the world.
- Strengthening the environment for private enterprise in MCC partner countries through critical public policy reforms and institutional capacity building to create an enabling environment for investment. MCC will continue to collaborate with the private sector in the design, implementation and sustainability of compact and threshold programs and to seek co-investment opportunities and/or follow-on investments that leverage host country and MCC resources for potential public-private partnerships. An "Opening Markets" section has been included at the end of this Executive Summary section outlining some examples of potential opportunities that may

exist within MCC's current portfolio of programs.

- Establishing a strong and dynamic knowledge management system, business practices, and tools to systematically share and deploy learning and results internally, externally and with MCC's partner countries, with the goal of improving efficiency in the development and implementation of country programs and increasing MCC's impact.
- Implementing a new business process that streamlines burdensome reporting requirements by MCC's country teams and consolidates existing programmatic information into a single comprehensive document for each country program—the Star Report. The Star Report collects critical information throughout a program's lifecycle in areas like performance, sustainability and lessons learned, serving as a core document of record for the agency, and a go-to resource for Congress and external stakeholders after a program is completed.
- Continuing to identify efficiencies throughout the compact development process with the goal of reducing development time while maintaining—or even improving—the quality of MCC's programs. MCC's refined investment criteria and new compact development guidance and an agency-wide “efficiency challenge” will contribute to this effort.
- Taking advantage of advances in cloud computing and enterprise software management to reduce operating expenses while improving service quality, staff productivity, and information security. Cost savings will allow for additional capital investments in software solutions that support and automate core business processes, further improving staff and agency productivity.
- Developing and implementing new Integrated Program Management (IPM) guidelines to help country partners establish easy-to-use cost, schedule, risk, communications, and change management systems that will provide managers the input necessary to understand compact priorities, potential risks, and upcoming decision points. This in turn will improve cost and schedule efficiency as well as project quality, allowing MCC's funds to go further and have a greater impact.
- Enhancing MCC's workforce through an organizational and training needs assessment, and applying a new workforce demand model to enable proactive workforce management based on future business needs.

In addition to the above, in FY 2017, MCC began implementing a new internal budget framework called the Integrated Planning, Budgeting, and Execution (IPBE) system. The main objective of IPBE is to improve internal oversight of MCC's limited resources, while improving transparency and accountability throughout the agency. The implementation of this framework will position MCC to better integrate budget formulation with execution exercises. This will provide MCC senior leadership with the necessary financial information to make strategic decisions and provide further support and accuracy in MCC's external budget requests.

The efforts described above build upon goals identified in MCC's current strategic plan, *NEXT*, as well as MCC's corporate priorities for FY 2018, which include:

- Advancing and delivering high-quality compact and threshold programs;
- Strengthening organizational health and effectiveness;
- Enhancing and enabling operational and technical agility and innovation; and
- Advancing MCC policy initiatives.

Going forward, MCC's incoming leadership team may choose to update the agency's strategic plan to further enhance MCC's singular mission, reinforce and deepen the model, and expand the agency's impact

and reach.

The following sections will discuss how MCC's funding will support compacts in Burkina Faso, Tunisia, and Sri Lanka, future threshold programs, 609(g) assistance, due diligence, administrative expenses, and the Office of the Inspector General.

## Opening Markets

### Supporting private investment in partner countries

A key objective of MCC is to resolve constraints to private investment in our partner countries in order to reduce poverty through economic growth. In recent years, MCC has increasingly supported public-private partnerships (PPPs) and other broader forms of private sector participation (PSP) to attract business investments in and related to the projects that MCC funds and, more generally, in MCC partner countries.

Some of MCC's accomplishments in obtaining PPP and PSP support, as well as future opportunities, include the following:

#### Africa

##### PPP Support

- **Benin:** U.S. companies have expressed strong interest in participating in potential PPPs that will be structured for six solar generation plants totaling 82 megawatts (MW).
- **Cabo Verde:** MCC's second compact supported the Government of Cabo Verde's exploration of a PPP to complete a land registry as part of a new land information management system.
- **Côte d'Ivoire:** This \$525 million compact will support the development of a logistics center for cargo movements as a PPP. The center will work to reduce congestion in Abidjan, increase the efficiency of container traffic through the port, and provide necessary services to transporters. It is expected to have spillover benefits for U.S. truck and transportation services.

##### PSP Support

- **Benin:** MCC's \$375 million Power Compact seeks to unlock private investment by supporting policy reforms and investing in electricity generation, distribution, and off-grid electrification. U.S. companies have expressed interest in how grants from the \$40 million Off-Grid Clean Energy Facility can facilitate market entry for their business models and technologies.
- **Ghana:** GE and Endeavor Energy are developing the Bridge Power project in Ghana, a component of the \$4 billion in private sector commitments made at the signing of the \$498 million Ghana Power Compact. In addition, MCC will support the improved utility performance of the Electricity Company of Ghana through a management contract concession that will leverage private sector expertise.
- **Malawi:** The Malawi Compact will improve the availability and reliability of electricity in the country by increasing the capacity and stability of the national electricity grid, bolstering the efficiency and sustainability of hydropower generation, and strengthening sector institutions, regulation, and governance to prepare for future expansion. These activities include Malawi's first tender for 70 MW of solar power by independent power producers, which was awarded in May 2017. In addition, a total of 14 U.S.-headquartered firms and individuals have been awarded 18 different contracts totaling approximately \$23.2 million in goods, works, and consulting services.

#### Asia

## PPP Support

- **Sri Lanka:** A PPP unit was recently set up within the Ministry of Finance and has received initial support from the United States Agency for International Development (USAID), as well as the World Bank's PPP team and the Public-Private Infrastructure Advisory Facility (PPIAF). In the early stages of compact development, MCC is actively engaging with the PPP unit, USAID, PPIAF, and other donors to determine what support MCC may be able to provide to assist the Government of Sri Lanka in developing and executing one or more successful PPPs in the coming years.

## Central America's Northern Triangle

### PPP Support

- **El Salvador:** MCC currently is helping the Government of El Salvador to develop PPPs to attract up to \$45 million in private investment to modernize the Cargo Terminal at its main international airport, and \$25 million to provide street lighting and security cameras on highways around the capital, San Salvador.
- **Guatemala:** MCC is supporting the Government of Guatemala in drawing up to \$900 million of private capital to build a light rail transit system in Guatemala City, and \$75 million to rehabilitate the country's main international airport in Guatemala City.
- **Honduras:** MCC is assisting the Government of Honduras in managing the implementation of several signed road concessions that require more than \$300 million in private investment.

### PSP Support

- **El Salvador:** The MCC-funded El Salvador Investment Challenge (ESIC) seeks to provide up to \$75 million in public goods (e.g., roads, water supply and sanitation, and workforce development) to increase private investment in El Salvador. To date, private investors have proposed more than \$250 million in privately-funded projects to ESIC for support.

## Engaging U.S. Businesses

MCC actively promotes participation by U.S. firms in MCC-funded overseas procurements. MCC is engaging prospective U.S. bidders through enhanced collaboration with the Department of Commerce, the U.S. Trade and Development Agency (USTDA), World Bank, U.S. Chamber of Commerce, and others. MCC meets with U.S. firms that are either doing business in MCC partner countries or are interested in exploring these opportunities. MCC is actively working with the Department of Commerce's Advocacy Center to reach its network of U.S. firms.

MCC is implementing a detailed market outreach plan to inform, attract, and further encourage U.S. firms to work with MCC. The market outreach plan includes the promotion of MCC and MCC partner-country procurements to targeted U.S. businesses, highlighting the advantages of working on MCC-funded projects while addressing any barriers to participation, showcasing post-compact investment opportunities for U.S. businesses, and building additional avenues for partnership with MCC through co-investment, joint research, knowledge sharing, and program co-design.

## Compacts in Development

(in millions of \$)	FY 2017 Enacted	FY 2018 CR Rate Annualized	FY 2019 Request
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>898.9</b>	<b>800.0</b>
Compact Assistance	671.0	666.4	557.5
Section 605			535.2
Section 609(g) Compact Development Funding (CDF)			22.3

\*CDF amounts are estimated using MCC's recent historical average of approximately 4 percent of total compact assistance.

In order to support U.S. global development efforts and maximize investments in the candidate pool of lower income but relatively well-governed countries, MCC is requesting \$558 million to support the Burkina Faso and Tunisia compacts currently in development, along with a portion of the Sri Lanka compact.

### Burkina Faso

#### *Estimated \$304 Million Compact*

In December 2016, MCC's Board selected Burkina Faso to develop a second compact. In February 2017, a high-level MCC delegation officially launched the compact development process. The Government of Burkina Faso has fully staffed the new compact development team and MCC has been actively engaging with this team. MCC has conducted several technical missions over the past months and, together with Burkina Faso's team, has successfully completed the constraints analysis process, which identified two binding constraints: (1) the high cost and poor quality of energy and low access to it, and (2) a low-skilled workforce. The Government of Burkina Faso approved these binding constraints through a validation workshop and with the Council of Ministers in September 2017. MCC management also officially approved the constraints in September. MCC and Burkina Faso's development team are proceeding with root cause analysis and the development of concept notes for both sectors. MCC is projecting to have a compact signed with Burkina Faso by June 2019.

### Results of Burkina Faso's 2009 Compact

MCC's \$480 million compact, which ended in July 2014, was characterized by Burkina Faso's commitment and high-level engagement. All major conditions to compact funding were met; notably, many of them required significant institutional reforms and others required adoption of major new laws by the National Assembly and issuance of 52 implementing decrees and regulations. The compact consisted of projects in land reform, agriculture, transportation, and education. The compact successfully trained 8,700 local

officials in lands rights and more than 13,000 land possession certificates were in process by the end of the compact—well over the original target of 6,000. The multifaceted agriculture project constructed 2,240 hectares of irrigated farmland and rehabilitated a dam, protecting investments from catastrophic flooding. MCC funded the paving, upgrade or periodic maintenance of 525 kilometers of roads and supported the development of a new road maintenance planning tool to facilitate future planning and continued management of the country’s road network. The BRIGHT II Schools project built on the education component in the earlier MCC threshold program by assisting in the construction of 396 classrooms and increasing access to girls’ participation in primary school.

## Tunisia

### *Estimated \$292 Million Compact*

MCC’s Board of Directors selected Tunisia as eligible to develop a compact in December 2016. In August 2017, MCC and the Government of Tunisia’s compact development team completed a joint analysis of the binding constraints to economic growth, which resulted in the identification of three constraints: (1) excessive market controls of goods and services; (2) excessive labor market regulations; and (3) water scarcity, which is constraining development in the interior regions of Tunisia and in the agriculture sector. Following guidance from MCC management and a series of workshops held in Tunis in late September, the MCC and Tunisian compact development teams have completed the root cause analyses for these constraints and are presenting concept notes in early 2018 that will serve as the basis for eventual compact projects. MCC expects to present the compact to MCC’s Board in June 2019.

## Sri Lanka

### *Estimated \$450 Million Compact*

Sri Lanka was selected for a threshold program in December 2015 and was selected for eligibility to develop a compact in December 2016 after continued improvements in performance as measured by the MCC scorecard. The constraints analysis identified insufficient transport infrastructure and access to land for commercial development as binding constraints to private sector investment and economic growth. MCC and the Government of Sri Lanka are exploring interventions to (1) reduce transport bottlenecks and congestion in the Western Province and between the Western Province and other regions, and (2) optimize the use of state lands for commercial purposes. The Sri Lanka country team is recommending a dual sector compact focused on addressing the transport and land binding constraints through five interventions: an advanced traffic management system; bus sector modernization; logistics facilities; national land information system; and mapping, surveying, and titling of land. MCC completed initial due diligence missions on potential projects in September and October 2017. In early December, MCC’s Sri Lanka team requested management approval to advance to in-depth due diligence of project proposals. MCC aims to sign a compact in early FY 2019.

The chart below and the subsequent pages provide updates for the remaining compacts currently in development, including estimated timing of consideration by MCC’s Board and compact sizes. Program and sector data for countries already in implementation can be found online on our public website at



[www.MCC.gov](http://www.MCC.gov).

<b>Countries and Appropriations Used (in millions of \$)</b>		<b>Prior Years</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Total</b>
<b>Board Consideration in FY 2018:</b>	Mongolia	350			<b>350</b>
	Senegal	302	178		<b>480</b>
	Sri Lanka		343	107	<b>450</b>
<b>Board Consideration in Future Fiscal years:</b>	Burkina Faso		4	300	<b>304</b>
	Tunisia		142	151	<b>292</b>
	Lesotho				<b>TBD</b>
	Timor-Leste				<b>TBD</b>
<b>Total</b>		<b>652</b>	<b>666</b>	<b>558</b>	

\*Amounts may not add up due to rounding.

## Mongolia

*Estimated \$350 Million Compact*

MCC's Board selected Mongolia for a second compact in December 2014. MCC and the Government of Mongolia are working to develop a compact that seeks to address the imminent water shortage in the capital city and economic center of Ulaanbaatar, which is home to nearly half of the country's population of 3 million people. MCC is evaluating project options that can increase the bulk water supply for the capital city, particularly in the areas of groundwater wells and wastewater recycling, and support long-term sustainability measures in the water sector. Concurrently, the Government of Mongolia is seeking a complementary wastewater treatment solution that would enable an MCC investment in bulk water supply. The compact is on track for consideration by the Board in late spring or early summer of 2018.

## Results of Mongolia's 2008 Compact

Mongolia completed a \$285 million compact program in September 2013, which included projects and activities in land tenure, health, vocational education, transportation, and energy. The results included improving property rights for small herders by formalizing over 19,000 land titles, establishing the country's first state-of-the-art medical facility for stroke and heart attack patients, modernizing the vocational education system, constructing a paved 176 km all-weather road to access key trading markets, and the sale of over 100,000 fuel-efficient stoves to reduce air pollution in Ulaanbaatar.

## Senegal

*Estimated \$480 Million Compact*

MCC's Board selected Senegal as eligible to develop a second compact in December 2015. MCC and the Government of Senegal identified the high cost of, and poor access to, energy as a binding constraint to growth, along with a challenging business enabling environment. After narrowing the program's focus to the energy sector, the Government of Senegal submitted draft final project proposals to MCC in mid-October. MCC is also working to advance infrastructure feasibility studies, a gas-to-power assessment, data collection and verification, and an energy sector road map that will form the technical basis for reforms and investments under a compact. MCC continues to coordinate with other stakeholders, including USAID, Power Africa, and other donors in the sector, including the World Bank, the International Finance Corporation (IFC), and the private sector. MCC expects to present the compact to MCC's Board in September 2018.

## **Results of Senegal's 2009 Compact**

Senegal's completed \$540 million compact worked to boost economic growth by unlocking the country's agricultural productivity and expanding access to markets and services through the two primary compact projects. These projects — roads rehabilitation and irrigation and water resource management — were geographically focused in the Senegal River Valley in the north and the Casamance region in the south. The compact priorities were identified to align with the country's long-term objectives of enhancing economic growth and food security. Senegal successfully completed the irrigation project and the vast majority of the roads rehabilitation project. The Government of Senegal committed funds to finish a portion of the highway that was not completed by the end of the compact due to construction delays.

## **Lesotho**

*Compact size to be determined*

MCC's Board re-selected Lesotho as eligible to develop a second compact in December 2017 after a two-year hiatus in recognition of Lesotho's concrete steps over the past year to address MCC's ongoing rule of law concerns. A senior MCC team is expected to visit Maseru in February 2018 to relaunch compact development, which will begin with a new constraints to growth analysis that should be completed in late FY 2018.

## **Results of Lesotho's 2008 Compact**

The completed \$362.5 million compact with Lesotho comprised projects in water, health and private sector development. The compact funded one of the largest infrastructure improvement projects in Lesotho's history, the Metolong Dam, as well as work with PEPFAR (the President's Emergency Plan for AIDS Relief) to mitigate the negative economic impacts of poor maternal health, HIV/AIDS, tuberculosis and other diseases. Approximately 1 million people are expected to benefit from the MCC compact. Further details of the compact results and impacts will be shared in forthcoming impact and performance evaluations, expected to be available beginning in 2017.

## **Timor-Leste**

*Compact size to be determined*

MCC's Board selected Timor-Leste as eligible to develop a compact in December 2017, after previously having selected Timor-Leste as eligible to develop a threshold program in December 2016. The Board's decision this year reflects MCC's recognition of the Government of Timor-Leste's clear commitment to good governance, investing in its people and economic freedom, as evidenced by Timor-Leste's 2018 MCC scorecard. Timor-Leste completed a constraints to growth analysis as part of its threshold program in October 2017. A senior MCC team is expected to visit Dili in February 2018.

## Compacts in Development as of FY 2018 Q1

		FY 2017				FY 2018				FY 2019				FY 20	Potential Investment (millions)	
Country	Projected Signing	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
Mongolia II Eligible: FY 2015	Aug-18	Project Definition		Project Development		Neg.		Implementation Prep		Imp.					\$350	
Senegal II Eligible: FY 2016	Nov-18	Prelim. Analysis	Project Definition		Project Development		Neg.		Implementation Prep		Imp.					\$480
Sri Lanka <sup>1</sup> Eligible: FY 2017	Nov-18	Sel.	Project Definition		Project Development		Neg.		Implementation Prep					\$450		
Tunisia Eligible: FY 2017	Aug-19	Sel.	Preliminary Analysis		Project Definition		Project Development		Neg.		Imp. Prep					\$292
Burkina Faso II Eligible: FY 2017	Aug-19	Sel.	Preliminary Analysis		Project Definition		Project Development		Neg.		Imp. Prep					\$304
Lesotho II <sup>2</sup> Eligible: FY 2018	TBD					Sel.	Preliminary Analysis		Project Definition		Project Development					TBD
Timor-Leste <sup>1</sup> Eligible: FY 2018	TBD					Sel.	Project Definition		Project Development							TBD

Abbreviations included: Selection (Sel.); Negotiations (Neg.); Implementation (Imp.); To be determined (TBD).

<sup>1</sup> Sri Lanka and Timor-Leste completed their Preliminary Analyses as part of threshold programs.

<sup>2</sup> Development of the second Lesotho compact was suspended in 2015. Because of this hiatus, following its selection in December 2017, Lesotho's compact development will start anew.

2018-017-2043-01

## Compact Development Process Overview

	<b>1</b> Preliminary Analysis	<b>2</b> Problem Diagnosis	<b>3</b> Project Definition	<b>4</b> Project Development	<b>5</b> Negotiation
	<b>Constraints Analysis</b>	<b>Concept Notes</b>	<b>Project Proposals</b>	<b>Investment Memo</b>	<b>Compact</b>
<b>Eligible Country</b>	<ul style="list-style-type: none"> <li>Names a National Coordinator and puts together a compact development team</li> <li>Analyzes constraints to economic growth, opportunities for private investment and poverty</li> <li>Undertakes broad consultations with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Expands compact development team</li> <li>Analyzes key root causes of binding constraints</li> <li>Defines, develops initial project ideas to address constraints</li> <li>Submits Concept Notes</li> </ul>	<ul style="list-style-type: none"> <li>Defines and scopes specific projects and activities</li> <li>Builds strong project logic for proposed compact program</li> <li>Identifies intended beneficiaries</li> <li>Consults stakeholders on project design</li> <li>Submits detailed Project Proposals</li> </ul>	<ul style="list-style-type: none"> <li>Conducts feasibility, environmental and other studies</li> <li>Measures expected economic impact</li> <li>Identifies risks and mitigation measures</li> <li>Begins establishing structures needed in implementation</li> </ul>	<ul style="list-style-type: none"> <li>Finalizes monitoring and evaluation framework</li> <li>Negotiates legal, financial, technical terms of program</li> <li>Creates dedicated MCA unit for implementation</li> </ul>
<b>MCC</b>	<ul style="list-style-type: none"> <li>Staffs a country team</li> <li>Provides compact development guidance</li> <li>Advises and assists with analyses</li> </ul>	<ul style="list-style-type: none"> <li>Reviews, approves Concept Notes</li> <li>Approves concept projects for further development</li> </ul>	<ul style="list-style-type: none"> <li>Reviews, approves Project Proposals</li> <li>Approves projects for full development and appraisal</li> </ul>	<ul style="list-style-type: none"> <li>May fund necessary preparatory studies</li> <li>Oversees, manages procurements</li> <li>Conducts thorough project appraisal</li> <li>Makes final decision on projects</li> </ul>	<ul style="list-style-type: none"> <li>Notifies Congress of intent to negotiate</li> <li>Defines budget and commits funding</li> <li>Obtains approval of MCC's Board</li> <li>Signs agreements</li> </ul>

2013-017-1246-04

## Threshold Programs

(in millions of \$)	FY 2017 Enacted	FY 2018 CR Rate Annualized	FY 2019 Request
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>898.9</b>	<b>800.0</b>
Threshold Programs	30.0	29.8	26.6

MCC is requesting \$27 million for threshold program assistance. MCC's threshold program has proven to be an effective tool to incentivize and implement positive policy, regulatory, and institutional reforms in candidate countries and selected partner countries, and the Administration may choose to make greater use of the threshold program in future fiscal years, requiring resources for new programs.

## Background

MCC's threshold program assists promising candidate countries to become compact eligible by offering them the opportunity to demonstrate their commitment to just and democratic governance, economic freedom, and investments in their people. By advancing policy reforms and strengthening institutions to address the most binding constraints to economic growth, threshold programs complement the "MCC Effect" created by the scorecard and allow MCC to assess the opportunity for an impactful and cost-effective partnership before committing to a larger compact. MCC uses the same rigorous, evidence-based approach in threshold programs as it does in compacts, leading to high-quality programs that maximize potential systemic impact and lay the foundation for larger investments.

Threshold programs help countries to reduce constraints to faster economic growth, increase transparency and accountability, and provide MCC critical information about their political will and capacity to undertake the types of reforms that would have the greatest impact in compacts. Current programs are:

- supporting greater budget transparency and reducing opportunities for corruption in public procurement in Honduras;
- mobilizing customs and tax revenues, and improving secondary education in Guatemala;
- creating the foundation for more effective and financially sustainable provision of critical water and electricity services in Sierra Leone; and
- fostering the use of data for more transparent and accountable governance in Kosovo.

Countries with threshold programs are not guaranteed compact eligibility. However, successful implementation of a threshold program yields significant advantages for a potential future compact. For example, a partner country will likely have enhanced its ability to design and implement investments that will generate the greatest results and have a head start on the work necessary to design a high-impact compact. Even if a country does not become compact eligible, threshold programs can help create the conditions for additional investment from the private sector or by other donors. The programs also help governments to mobilize domestic resources, spend their budgets more transparently, deliver services

more efficiently, and ultimately help countries finance their own development.

## **Threshold Programs in Development**

### **Togo**

Selected by MCC's Board to develop a threshold program in December 2015, Togo has shown improvement on the MCC scorecard in recent years. In FY 2014, Togo passed only 5 of 20 indicators. Togo passed 12 of 20 indicators in FY 2018, including the "hard hurdle" Control of Corruption indicator. The Government of Togo has worked closely with MCC to conduct a constraints analysis and developed an ambitious program to address critical constraints in its information and communications technology (ICT) and land sectors. To address the constraint of poor ICT services, the proposed program would improve access to high quality and affordable ICT services to Togolese citizens by encouraging private sector investments in the ICT sector and developing an independent regulatory regime. In the land sector, the proposed program would expand access to formalized land through the recognition and protection of legitimate land rights in order to accelerate agricultural productivity.

The proposed \$35 million Togo threshold program presents the government with a unique opportunity to undertake major reforms in challenging and politically sensitive areas. Promoting competition, encouraging private sector investment, and expanding access in the ICT sector would be a positive step towards Togo becoming a more open and democratic society and fostering a market-oriented economy. Both the ICT and land projects will also challenge deeply rooted sources of corruption. Demonstrated progress on the threshold program would be an important signal of whether Togo would be a good partner for a potential compact in the future.

### **The Gambia**

In December 2017, MCC's Board selected the Gambia as eligible for threshold program assistance. The selection of the Gambia will give MCC the opportunity to engage with the new government on needed reforms as the country continues its democratic transition. The Gambia is an important partner in West Africa, where MCC already has a strong presence.

## **Future Programs**

The additional funding request for FY 2019 will support programs with new countries that may be selected by the Board. With an average program size of approximately \$34 million, the additional funding requested would allow MCC to begin development with an additional country as promising candidates emerge in the annual selection process.

## **Current Threshold Programs**

### **Honduras**

MCC and the Government of Honduras signed a \$16 million threshold program agreement in August

2013 to enhance the transparency and efficiency of public financial management, procurement, audit, and oversight of public-private partnerships. In 2017, the government launched a procurement certification program aimed at improving the transparency, accountability, and quality of public procurement by building the capacity of civil servants and requiring that all procurements above a threshold be managed by certified professionals. The program is scheduled to be completed in 2018.

## **Guatemala**

MCC and the Government of Guatemala are partnering to implement a \$28 million threshold program. Signed in April 2015, the program is designed to improve the quality of secondary education. In order to increase government spending in social services like education, MCC is also working with Guatemala to mobilize financial resources through reforms in customs and tax administration and by attracting private capital and structuring public-private partnerships for infrastructure.

## **Sierra Leone**

In November 2015, MCC and the Republic of Sierra Leone signed a \$44 million threshold program agreement to support policy reforms and improved governance in the water and electricity sectors. By establishing independent regulation, strengthening key institutions, and increasing transparency and accountability, the program will create a foundation for delivery of financially sustainable water and electricity services to the people of Sierra Leone, and limit opportunities for corruption in service delivery.

## **Kosovo**

In September 2017, MCC and the Government of Kosovo signed a \$49 million threshold program to implement policy and institutional reforms in two areas critical to economic growth and poverty reduction. To address the problem of demand outstripping the supply of electricity and the high cost of heating, the program will support the government's efforts to encourage investments in energy efficiency and to promote the adoption of cleaner and cheaper sources of heating. The program will also explore innovative ways to catalyze private sector financing for independent power producers to bring additional energy supply online. To address concerns regarding rule of law and control of corruption in the country, the program seeks to foster a data-driven approach to increase transparency and accountability in key areas including the judiciary and environmental protection.



## Compact Development and Oversight

(in millions of \$)	FY 2017 Enacted	FY 2018 CR Rate Annualized	FY 2019 Request
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>898.9</b>	<b>800.0</b>
Compact Development/Oversight	94.0	93.9	109.0
609(g) Assistance	22.0	26.6	22.0
Due Diligence	72.0	67.3	87.0

MCC is requesting \$109 million in funding for compact development and oversight in FY 2019. \$22 million would be programmed towards assistance under section 609(g) of MCC's authorizing statute and \$87 million would be programmed toward due diligence to support programmatic oversight, quality control, and post-completion work, such as data collection and evaluation.

Pre-compact planning, post-compact evaluations, and oversight are critical to the success of MCC program investments and to ensuring that MCC, partner countries, and the development community are able to take advantage of the learning opportunities inherent in MCC programs.

### 609(g) Assistance

Assistance provided under section 609(g) of MCC's authorizing statute represents less than three percent of MCC's overall request. Nonetheless, 609(g) assistance is critical to the success of compact development and allows MCC to fulfill its goal of developing high-quality compacts more quickly. MCC 609(g) assistance grants help country partners undertake detailed project preparation work on proposed projects. This preparation includes project design studies, feasibility studies, environmental and social impact assessments, engineering and geotechnical designs, economic baseline surveys, technical assessments of financial management and procurement capabilities, and other specialized analyses that help partner countries fully prepare projects that can be implemented within the fixed five-year timeframe, within budget, and provide substantial returns to MCC's investment.

### Due Diligence

Due diligence funds allow MCC to obtain information necessary to evaluate, assess, and appraise proposed projects during compact and threshold program development, to effectively oversee and monitor projects during implementation, and to evaluate the results post-implementation. The number of compacts and threshold programs in implementation is projected to grow between FY 2019 and FY 2020.

Due diligence funding is utilized to procure the technical expertise required throughout the compact and threshold program life cycles and allows MCC to right-size staffing requirements based on the relative size and diversity of the program portfolio. For example, though MCC employs full-time staff with

expertise in the agriculture sector, one compact program may include a project that calls for unique knowledge of certain livestock issues. In such a case, MCC might procure external technical expertise to address the niche need. Similarly, if MCC is analyzing the effectiveness of electricity or water utilities across multiple countries, MCC may hire technical expertise to develop an analytical tool to assess the technical and commercial strengths and weaknesses of each utility. Through this procurement strategy, MCC may deploy the same analytical tool during compact development and compare utility performance across multiple compacts.

In addition to program development and implementation, due diligence funds continue to be utilized post-closure of compacts in order to conduct independent evaluations that use rigorous statistical methods to measure changes in beneficiary incomes related to MCC activities. Evaluations provide critical information about program successes as well as valuable lessons on how MCC may continue to improve the design, development, and implementation of future programs with partner countries.

For example, MCC recently undertook a review of its roads projects in order to better design, implement, and evaluate such projects. Through evidence collected across 16 compacts with road projects, MCC uncovered seven key lessons, including the need to prioritize and select projects based on a road network analysis, to standardize content and quality of road data collection across projects, and to consider cost and the potential for learning in determining how road projects are evaluated. This body of evidence and analysis, *The Road Principles into Practice* paper, was published in November 2017. Most importantly, the lessons from this analysis are already being applied to road projects in Nepal and Côte d'Ivoire.

Due diligence funds also support data and technical expertise needed for calculating economic rates of return for compact projects. Through pre-compact economic modeling of expected economic rates of return, MCC chooses which projects are most likely to generate benefits, specifically, increased income for program beneficiaries, and refines program design to optimize results. Economic modeling done after compact closeout helps to assess the cost effectiveness of the agency's programs.

## Administrative Expenses

(in millions of \$)	FY 2017 Enacted	FY 2018 CR Rate Annualized	FY 2019 Request
<b>Total Appropriation/Request</b>	<b>901.0</b>	<b>898.9</b>	<b>800.0</b>
Total Administrative Expenses	105.0	104.3	102.4
Human Capital	54.4	54.7	55.2
Training	1.4	1.2	1.0
Overseas Operations	10.0	9.0	8.5
Contracted Services	11.2	10.9	8.9
Information Technology	14.5	14.6	15.0
Rent, Leasehold & Improvements	3.8	6.0	6.3
Travel	9.0	7.4	7.2
Other Administrative Expenses	0.7	0.5	0.4

MCC is requesting \$102 million for administrative expenses in order to support agency operations while maintaining a lean workforce.

MCC has managed a flat-line administrative budget for the last 6 years and has relied on managing inflation through the efficient and effective use of limited funding. In FY 2019, the agency will undergo increased funding pressure largely from inflationary increases in rent and existing personnel costs, which may impede MCC's ability to continue streamlining business tools and processes.

Some of the initiatives which have helped MCC manage inflationary pressures within the current budget levels include:

- **Negotiated lease savings** — In FY 2016, MCC moved the headquarters to the current location. As part of the successful lease negotiations, the agreement included a year and half of no lease payments. FY 2018 will be the first period in which MCC will incur rent costs for the full year.
- **Less expensive information technology (IT) architecture** — In FY 2016, MCC migrated the agency's IT infrastructure to a cloud service provider. This strategic move is anticipated to save the agency \$6 million over the next 10 years and is being utilized to fund additional capital investments in software systems to automate core business processes, including some systems identified in MCC's Agency Reform Plan.
- **System integration** — MCC has transitioned to a new Contract Lifecycle Management System (CLMS) beginning in the first quarter of FY 2018. CLMS is integrated with the current financial management system, which MCC sources through the Department of Interior, and shortens the amount of employee time taken on procurement actions as well as improving data accuracy. This

new system is anticipated to save the agency \$2 million over the next 10 years in comparison to purchasing a standalone system.

- **Best-in-class solutions** — MCC has identified projected spending of approximately \$16.7 million in FY 2017 that utilizes existing contract solutions via federal supply schedules, government-wide acquisition contracts, and multi-agency contracts and procurement instruments. This is roughly 40 percent of non-human capital/rent spending, and is an example of MCC’s strategic effort to leverage the vast buying power of the federal government to deliver maximum value on our limited resources. MCC will continue to review current operations and new initiatives, optimizing the use of best-in-class solutions when applicable.

In addition to these past initiatives, MCC continues to focus on improving its efficiency and effectiveness to increase productivity. Below are several current initiatives included in MCC’s Agency Reform Plan and MCC’s Plan to Maximize Employee Performance, which the agency anticipates continuing into FY 2019:

- **Knowledge Management** — MCC is undertaking a knowledge management initiative to better capture and use accumulated knowledge to develop and implement country programs more efficiently and for greater impact. In addition, this initiative will allow the agency to strengthen program quality and impact, expedite problem solving through efficient access to needed knowledge, enhance onboarding practices, and institutionalize agency learning. In FY 2017, MCC focused on defining critical organizational needs and assessing existing vs. needed knowledge assets. Most recently, MCC began implementation of a knowledge management action plan, including staff-driven near-term priorities/work streams, IT infrastructure and processes to drive behavioral changes.
- **Star Reports** — In FY 2017, MCC launched the Star Report to better communicate the full spectrum of results for a given program at its conclusion. The business process of the Star Report ensures MCC will collect, validate, and memorialize critical information for every compact and threshold program at key decisional points in program development and at each quarter of implementation, while also decreasing overall internal reporting burdens. Star Reports and their associated comprehensive data will provide contextualized results and program learning for both internal and external audiences.
- **Streamlining Compact Development** — In Q4 of FY 2017, MCC launched a “challenge” calling on staff to submit ideas for decreasing the average 36 months it takes for compact development while maintaining the high quality that comes with MCC’s investments. Twenty-six teams provided diverse, creative solutions aimed to address time savings, feasibility, and adherence to MCC’s values. Selected ideas will be implemented in FY 2018.
- **Workforce and Learning Management Systems** — MCC will implement a system to integrate the agency’s systems and processes in tracking, identifying and documenting the lifecycle of an employee or contractor. In addition, this system will aim to inform strategic staffing decisions and ensure human capital resources are consistently directed to the highest-priority needs. MCC currently employs multiple systems, processes and staff to complete this process, which is disjointed and requires significant manual entry of data. MCC will also implement a learning management system, a shared, cloud-based system for integrated learning management, including external training. The current processing system is costly and inefficient and does not provide the data required for robust talent development practices and information-driven decision-making. Projected cost savings are estimated to be approximately \$100,000 per year in staff time and effort.
- **Organizational Development Assessment and Workforce Demand Model** — MCC will undertake an objective assessment of its organizational structure, operational roles and responsibilities, position structures, and workloads. The Organizational Development Assessment

(ODA) will allow MCC to determine whether the organizational structure is optimized to fulfill MCC's mission with the fewest management layers needed for appropriate risk management and accountability. ODA efforts are designed to maximize returns on organizational reform, increase organizational health, increase retention of top performing staff, and improve operational effectiveness/efficiency. MCC will also pilot new workforce planning tools that will allow MCC to better tie workforce decisions to business needs. This will enable the agency to better anticipate recruitment and staffing needs, avoid disruptive vacancies, and inform appropriate hiring authorities for positions.

- **Performance Management System** — To maximize employee performance and accountability, MCC implemented a new performance management system in FY 2017 to improve performance target setting, evaluation, feedback, and consequence management. As a complement to this effort, in FY 2018 MCC plans to roll out a new rewards and recognition strategy to improve the transparency, timeliness, and perceived equity of the performance management process.

These efforts, together with others outlined in MCC's Agency Reform Plan and Plan to Maximize Employee Performance, position MCC in alignment with the Administration's priority to ensure the Federal Government is operating most efficiently and effectively.

And these efforts are already producing results, with MCC seeing the largest gains among all federal agencies for which data is available in the Partnership for Public Service's 2017 Best Places to Work in the Federal Government rankings — a jump of 13.8 points.

## Human Capital

MCC is planning \$55 million for personnel expenditures to properly oversee and manage MCC's programs. In FY 2019, MCC's country portfolio is projected to include 16 countries in compact and threshold program implementation, ten countries in compact and threshold program development, and five countries undergoing initial post-closure evaluations. Such a portfolio with varying complexities, risks, and investment sizes requires stable cross-functional country teams applying rigor for establishing strong country-partner relationships, instilling country ownership, and ensuring program sustainability. MCC strives to maintain a steady state of human capital in support of these efforts, matching personnel skills and experience to the needs and risks of MCC's investment portfolio by reviewing human capital and contracted services [full-time equivalent (FTE), personal service contractors, and service contractors] to ensure maximum efficiency and effectiveness based on workload support. As such, MCC continuously optimizes staff skillsets by utilizing a resource on more than one country program to achieve economies of scale.

To highlight one key set of human capital requirements, MCC's authorizing statute requires MCC to develop compacts with partner countries that include specific objectives and benchmarks for measuring progress and to report annually on progress toward those objectives. Answering these questions requires monitoring and evaluations of MCC investments. MCC is committed to making its evaluations rigorous and feasible in order to understand the causal effects of its programs on expected outcomes, to assess the cost effectiveness of its interventions, and to inform decisions about current and future program design and implementation. The number of compacts and threshold programs that require monitoring and evaluation (M&E) increases each year, as more countries are selected compared to the number of

countries for which MCC finalizes all evaluations. MCC's M&E staff work on a compact and threshold program throughout its entire lifecycle (development, implementation, closeout, and post-compact evaluation) to create M&E plans, monitor program performance, and evaluate program effectiveness. In addition, compacts and threshold programs with lower-capacity countries and those with significant policy and institutional reforms require substantial MCC staff assistance with project identification, program logic, data collection, and implementation support.

In alignment with FY 2018 OMB guidance, MCC also aims to reduce the agency's planned workforce from 330 to 320 at the Washington D.C. headquarters in FY 2018 and FY 2019. When coupled with increased workforce optimization initiatives outlined here and in MCC's Agency Reform Plan, this staffing level will enable MCC to continue meeting the agency mission based on anticipated compacts and threshold programs in development and implementation. In FY 2018, MCC will establish a systematic workforce planning process to inform strategic staffing decisions for mission critical positions. The process will be supported by parallel work streams. The first work stream on centralized FTE management, is driven by hiring to attrition and controls the growth of the existing workforce through a rigorous vacancy review, prioritization, and approval process. The second work stream on organizational development assessment, aims to ensure MCC's positions and organizational structure are aligned to deliver high-quality, timely, and effective compact and threshold programs. Through the assessment, MCC will review position descriptions for mission critical occupations and compare that information against work performed. Additionally, MCC will assess whether the nature of the work is structured appropriately by reviewing, analyzing, and validating the data used to assess workload and analyzing it against data reported and captured within MCC's financial system and human resources system.

## Overseas Operations

MCC is planning \$9 million to support overseas administrative operations in at least 20 compact and threshold countries in FY 2019. Overseas operations costs for each country include salaries and benefits, rent, residential allowance, relocation expenses, travel, shipping, office and residential furniture, IT equipment, official vehicles, and International Cooperative Administrative Support Services (ICASS) costs for a small in-country footprint of U.S. and locally-employed personnel. MCC may continue to face upward pressure associated with ICASS and Capital Security Cost-Sharing (CSCS) based on burden sharing and cost arrangements established by the Department of State to maintain and operate embassy compounds. As part of the IPBE implementation, MCC reviewed previous funding allotted to the Department of State in support of overseas operations and has included a budget to match past disbursement trends in order to maximize the use of funding while providing adequate support towards our relatively small overseas presence.

## Information Technology (IT)

MCC is planning \$15 million for information and technology (IT) support in FY 2019.

MCC's Office of the Chief Information Officer (OCIO) has actively worked to leverage new technologies and to automate IT processes to reduce costs and improve productivity on its operational teams without degrading service quality or increasing cybersecurity risks. These initiatives include:

- The FY 2016 migration of IT servers from a co-located data center to a cloud service provider remains on track to save the agency \$6 million over 10 years.
- MCC will be consolidating two, large IT service contracts for production infrastructure operations and help-desk end-user support. Today, these two contracts cost MCC approximately \$6 million annually—a consolidated contract will reduce administrative overhead and increase efficiencies to result in significant savings in FY 2019 and beyond.
- OCIO has worked with departments across MCC to reduce the number of software packages supported, where possible, in order to increase standardization with tools included within the Microsoft's Office 365 productivity suite.
- The automation of critical cybersecurity processes, *e.g.*, software patch management, will reduce contractor hours spent on this currently labor-intensive requirement.

Cost savings resulting from these four initiatives will reduce the overall percentage of agency funds spent on IT, while also providing funds for specific capital investments to increase staff productivity and modernize MCC operations, including:

- increased modern, cloud-based platforms for staff collaboration and knowledge management;
- a solution for more effective workforce management for employees and contractors;
- streamlined processes for Millennium Challenge Account (MCA) reporting and overall grant management for country teams;
- more effective customer relationship management tools for greater private-sector engagement on compacts; and
- improved analytical tools for impact assessment and open data publishing outside of MCC.

## Rent

MCC will be responsible for a full-year rent obligation of \$6 million at the current headquarters location beginning in FY 2018 and onward. As part of moving to the headquarters location, MCC took the proactive approach of reducing the agency footprint and increasing collaboration by using intelligent workspaces. As such, MCC is piloting a workspace management application called SPACES, a private-sector approach to more nimbly manage on-demand seating, conference room and breakout spaces, capitalizing on the best use of MCC's headquarters office footprint.

## Office of the Inspector General

(in millions of \$)	FY 2017 Enacted	FY 2018 CR Rate Annualized	FY 2019 Request
<b>Total Appropriation/Request</b>	<b>905.0</b>	<b>898.9</b>	<b>800.0</b>
Office of the Inspector General	5.0	4.5	4.5

The Office of the Inspector General is requesting \$4.5 million for audit expenses in FY 2019.

The USAID Office of the Inspector General will continue to conduct financial and performance audits and reviews of MCC and Millennium Challenge Account entity activities, as well as oversee and review MCC's annual external audit.



## Proposed Legislative Changes

### Using Concurrent MCC Compacts to Advance Regional Economic Integration

MCC is seeking to change the Millennium Challenge Act of 2003, as amended, to allow for concurrent compact authority in order to maximize the economic impact of its work through regional investments. After more than 13 years of successfully delivering large, complex infrastructure projects coupled with supporting difficult policy reforms in partner countries, MCC is well-positioned to increase the impact of its programs by focusing regionally in some cases.

Concurrent compacts would allow MCC to complement its proven country-focused model with the ability to develop regionally-oriented programs. MCC will be able to simultaneously research and work with multiple eligible countries in a region to identify, negotiate, and eventually fund compacts that would have a positive economic impact for each country involved as well as the region. By coordinating compacts across multiple countries to expand existing infrastructure, MCC will be able to help partners work together to build and grow regional markets, facilitate trade, and foster greater impact through economies of scale. This, in turn, will help generate new business and market opportunities for U.S. and other companies by making it cheaper, easier, and faster for businesses to get their products to new, emerging regional markets.

At present, MCC has the authority to sign and implement only one compact at a time with any given partner country. As a result, MCC cannot effectively move forward on multi-country programs to advance regional economic integration. This is especially true in places where MCC is heavily engaged, such as Africa, and in sectors such as infrastructure, which accounts for 70 percent of MCC's more than \$11 billion dollar portfolio. For instance, in December 2015, MCC selected Côte d'Ivoire as eligible to develop a compact. Several existing MCC compact partners are neighbors of Côte d'Ivoire, including Burkina Faso, Ghana, and Liberia. The ability to sign concurrent compacts would enable MCC to improve trade and investment between and among these MCC partner countries by promoting cross-border engagement, and thereby economic growth.

The authority MCC is seeking would allow the agency to maintain its focused, data-driven model for country and project selection. Projects will still be required to undergo a rigorous economic analysis and have an economic rate of return that ensures the program's logic is geared toward a measurable impact on poverty. Regional programs will employ MCC's local implementation and accountability, allowing for multiple bilateral compacts to be knitted together into a regional project. Concurrent compact authority will allow MCC to develop regional projects while still adhering to the agency's important country-owned processes that demand accountability and the core elements of MCC's operational model to produce high returns on investments. In any regional program, MCC would continue its:

- **Transparent process for selecting the best-governed, poor countries.** Selection of regional programs would be based upon the existing country selection system; countries selected by the Board as eligible for bilateral compacts would also be eligible for regional programs.
- **Use of economic analysis to choose projects.** Regional projects would be selected based on

economic analysis of project returns. The preliminary economic rates of return (ERRs) will need to show returns above MCC's hurdle rate, five-year timeline feasibility, manageable environmental and social risks, implementation of policy and institutional reforms, private sector engagement, and sustainability.

- **Commitment to suspend or terminate investments when appropriate.** MCC recognizes that one of the risks inherent in regional projects is that one or more of the countries involved in the partnership may not perform well or may suffer governance declines inconsistent with continued MCC engagement. MCC is committed to suspend or terminate regional programs as appropriate, consistent with bilateral programs.

The text of the proposed statutory change is as follows:

#### SEC. X. MILLENNIUM CHALLENGE COMPACT

a. IN GENERAL.—Section 609 of the Millennium Challenge Act of 2003 ([22 U.S.C. 7708](#)) is amended—

1. in subsection (k), by striking the first sentence;
2. by redesignating subsection (k) as subsection (l); and
3. by inserting after subsection (j) the following:

“(k) CONCURRENT COMPACTS.—An eligible country that has entered into and has in effect a Compact under this section may enter into and have in effect at the same time not more than one additional Compact in accordance with the requirements under this title if—

1. one or both of the Compacts are or will be for the purposes of regional economic integration, increased regional trade, or cross-border collaborations; and
2. the Board determines that the country is making considerable and demonstrable progress in implementing the terms of the existing Compact and supplementary agreements thereto.”.

b. CONFORMING AMENDMENT.—Section 613(b)(2)(a) of such Act (22 U.S.C. 7712(b)(2)(A)) is amended by striking “the” before “Compact” and inserting “any”.

c. APPLICABILITY.—The amendments made by this section shall apply with respect to Compacts entered into between the United States and an eligible country under the Millennium Challenge Act of 2003 before, on, or after the date of the enactment of this Act.

## Appendix: Annual Performance Report

### Compact Signing Amounts and Key Dates (in millions of \$)\*

Partner Country	Compact Amount	Signing	Entry Into Force	Closed Dates
Madagascar	109.8	4/18/2005	7/27/2005	8/31/2009
Honduras	215.0	6/14/2005	9/30/2005	9/30/2010
Cabo Verde	110.1	7/5/2005	10/18/2005	10/17/2010
Nicaragua	175.0	7/15/2005	5/26/2006	5/26/2011
Georgia	395.3	9/12/2005	4/7/2006	4/7/2011
Benin	307.3	2/22/2006	10/6/2006	10/6/2011
Vanuatu	65.7	3/2/2006	4/28/2006	4/28/2011
Armenia	235.7	3/27/2006	9/29/2006	9/29/2011
Ghana	547.0	8/1/2006	2/16/2007	2/16/2012
Mali	460.8	11/13/2006	9/18/2007	8/24/2012
El Salvador	460.9	11/29/2006	9/20/2007	9/20/2012
Mozambique	506.9	7/13/2007	9/22/2008	9/22/2013
Lesotho	362.6	7/23/2007	9/17/2008	9/17/2013
Morocco	697.5	8/31/2007	9/15/2008	9/15/2013
Mongolia	284.9	10/22/2007	9/17/2008	9/17/2013
Tanzania	698.1	2/17/2008	9/17/2008	9/17/2013
Burkina Faso	480.9	7/14/2008	7/31/2009	7/31/2014
Namibia	304.5	7/28/2008	9/16/2009	9/16/2014
Senegal	540.0	9/16/2009	9/23/2010	9/23/2015
Moldova	262.0	1/22/2010	9/1/2010	9/1/2015
Philippines	433.9	9/23/2010	05/25/11	5/25/2016
Jordan	275.1	10/25/2010	12/13/11	12/13/2016
Malawi	350.7	4/7/2011	9/20/2013	
Indonesia	600.0	11/19/2011	4/2/2013	
Cabo Verde, 2012	66.2	2/10/2012	11/30/2012	11/30/2017

<b>Partner Country</b>	<b>Compact Amount</b>	<b>Signing</b>	<b>Entry Into Force</b>	<b>Closed Dates</b>
Zambia	354.8	5/10/2012	11/15/2013	
Georgia, 2013	140.0	7/26/2013	7/1/2014	
Ghana, 2014	498.2	8/5/2014	9/6/2016	
El Salvador, 2014	277.0	9/30/2014	9/9/2015	
Benin, 2015	375.0	9/9/2015	6/22/2017	
Liberia	256.7	10/2/2015	1/20/2016	
Morocco, 2015	450.0	11/30/2015	6/30/2017	
Niger	437.0	7/29/2016		
Nepal	500.0	9/14/2017		
Côte d'Ivoire	524.7	11/7/2017		

\* Please note that the values above are the signed compact amounts and do not reflect lower actual expenditures due to early terminations or funds for a compact not being fully spent. The table on the next page reflects the net obligations/commitments associated with each compact.

## Compact Obligations and Commitments

Country/Description	2012 & Prior	2013	2014	2015	2016	2017	2018	2019	Total
<b>Closed Compacts</b>	<b>\$7,402.6</b>	-	-	-	-	-	-	-	<b>\$7,402.6</b>
Cabo Verde	66.2	-	-	-	-	-	-	-	66.2
El Salvador	117.0	160.0	-	-	-	-	-	-	277.0
Georgia	140.0	-	-	-	-	-	-	-	140.0
Ghana	17.0	283.0	198.2	-	-	-	-	-	498.2
Indonesia	600.0	-	-	-	-	-	-	-	600.0
Liberia	-	-	-	256.7	-	-	-	-	256.7
Malawi	350.7	-	-	-	-	-	-	-	350.7
Niger	58.0	-	-	-	379.0	-	-	-	437.0
Zambia	354.8	-	-	-	-	-	-	-	354.8
Benin	-	207.0	-	168.0	-	-	-	-	375.0
Morocco	114.1	1.2	168.7	166.0	-	-	-	-	450.0
Nepal	108.0	10.0	-	69.0	107.0	206.0	-	-	500.0
Côte d'Ivoire	40.5	9.0	272.0	10.0	26.2	167.0	-	-	524.7
<b>Active Compacts</b>	<b>\$1,966.3</b>	<b>\$670.2</b>	<b>\$638.9</b>	<b>\$669.7</b>	<b>\$512.3</b>	<b>\$373.0</b>	-	-	<b>\$4,830.3</b>
Mongolia	99.9	-	-	8.3	143.1	98.7	-	-	350.0
Senegal	81.6	-	44.4	3.4	18.7	180.4	178.0	-	506.5
Burkina Faso	-	-	-	-	-	-	4.0	300.0	304.0
Sri Lanka	-	-	-	-	-	-	343.0	107.0	450.0
Tunisia	-	-	-	-	-	-	142.0	150.5	292.5
Lesotho	-	-	-	-	-	-	-	-	-
Sri Lanka	-	-	-	-	-	-	-	-	-
<b>Compacts in Development</b>	<b>\$181.5</b>	-	<b>\$44.4</b>	<b>\$11.7</b>	<b>\$161.8</b>	<b>\$279.1</b>	<b>\$667.0</b>	<b>\$557.5</b>	<b>\$1,903.0</b>
<b>TOTAL</b>	<b>\$9,550.4</b>	<b>\$670.2</b>	<b>\$683.3</b>	<b>\$681.4</b>	<b>\$674.1</b>	<b>\$652.1</b>	<b>\$667.0</b>	<b>\$557.5</b>	<b>\$14,135.9</b>

## Threshold Program Agreements Signing Amounts (in millions of \$)

Country	Sub-Saharan Africa	Eurasia	Latin America	Middle East and North Africa	Signing Date	Completion Date
Burkina Faso	12.9				7/22/2005	9/30/2008
Malawi	20.9				9/23/2005	9/30/2008
Albania, 2006		13.9			4/3/2006	11/15/2008
Tanzania	11.2				5/3/2006	12/30/2008
Paraguay, 2006			34.6		5/8/2006	8/31/2009
Zambia	22.7				5/22/2006	2/28/2009
Philippines		20.7			7/26/2006	5/29/2009
Jordan				25.0	10/17/2006	8/29/2009
Indonesia		55.0			11/17/2006	12/31/2010
Ukraine		44.5			12/4/2006	12/31/2009
Moldova		24.7			12/14/2006	2/28/2010
Kenya	12.7				3/23/2007	12/31/2010
Uganda	10.4				3/29/2007	12/31/2009
Guyana			6.7		8/23/2007	2/23/2010
São Tomé & Príncipe	8.7				11/9/2007	4/15/2011
Kyrgyz Republic		16.0			3/14/2008	6/30/2010
Niger	23.1				3/17/2008	12/31/2015
Peru			35.6		6/9/2008	9/30/2012
Rwanda	24.7				9/24/2008	12/31/2011
Albania, 2008		15.7			9/29/2008	7/31/2011
Paraguay, 2009			30.3		4/13/2009	7/31/2012
Liberia	15.1				7/6/2010	12/1/2013
Timor-Leste		10.5			9/22/2010	3/31/2014
Honduras			15.6		8/29/2013	In progress
Guatemala			28.0		4/8/2015	In progress
Sierra Leone	44.4				11/17/2015	In progress

Country	Sub-Saharan Africa	Eurasia	Latin America	Middle East and North Africa	Signing Date	Completion Date
Kosovo		49.0			9/12/2017	In progress

## Results of Recently Closed Compacts

### Cabo Verde II

<b>Policy Refoms</b>	<ul style="list-style-type: none"> <li>• Environmental requirements, including an improved regime for the disposal of sludge according to international standards. The Ministry of Water and Irrigation will soon float a tender for the construction of the first mono landfill for the disposal of sludge and bio solids and for electricity generation.</li> </ul>
<b>Outputs</b>	<p><b>Land Management for Investment Project</b></p> <ul style="list-style-type: none"> <li>• 11,418 households, commercial and other legal entities received formal recognition of ownership and/or use rights.</li> <li>• 28,985 parcels were corrected or incorporated into an official land information system.</li> <li>• 100% of targeted surfaced area on Sal Island has been incorporated into the Land Management Information and Transaction System (LMITS).</li> <li>• 38 land administration offices were established or upgraded.</li> </ul> <p><b>Water, Sanitation and Hygiene Project</b></p> <ul style="list-style-type: none"> <li>• In partnership with the Coca-Cola Africa Foundation, the Social Access Fund increased access to water and sanitation with over 3,500 households receiving subsidized water connections and more than 2,200 households benefiting from new sanitation facilities.</li> <li>• Construction of over 200 km of water pipeline and over 20 km of sanitation pipeline.</li> <li>• More than 60 reservoirs and pumping stations constructed or rehabilitated.</li> </ul>



<b>Preliminary and Expected Outcomes</b> <sup>1</sup>	<ul style="list-style-type: none"> <li>• The infrastructure improvements of the Water and Sanitation Fund supported utilities to improve or expand or improve their water and sanitation networks.</li> <li>• On Santiago Island, transformation of the water sector, including establishment of a new corporatized, consolidated utility—Aguas de Santiago, with more efficient and effective operations and management— has resulted in more than doubling the number of hours of water service many residents on the island receive per day, which has increased from about 6 hours to over 14 hours per day.</li> <li>• The Compact introduced an infrastructure grant facility to fund infrastructure works in the WASH sector. This innovative funding mechanism has inspired the Government of Cabo Verde to create a revolving fund to continue to fund the sector.</li> </ul>
<b>Evaluations</b>	<b>Land Management for Investment Project</b> <ul style="list-style-type: none"> <li>• An independent evaluator is implementing a mixed methods performance evaluation to assess the impacts of LMI Project on investment in land and property, property values, land tenure security, time to process key land transactions, demand for formal land transactions, and tourism growth, as well as sustainability of the new systems and procedures introduced by the Project.</li> <li>• The evaluation includes three complementary components: a trend analysis examining changes in key outcomes over time using secondary data, a qualitative study collecting two rounds of in-depth interviews and focus groups with households and businesses to help interpret the findings from the trend analysis, and a multisite case study of large tourism related commercial investments to capture planned and actual investments in tourism development zones (known as Zonas de Desenvolvimento Turístico Integral, or ZDTIs) to understand how the project affected these investments.</li> <li>• Given the concerns around women's land rights, the evaluation will also include an analysis of how women's land rights were captured in the clarification of rights and boundaries process and whether women and men benefit differently.</li> <li>• In support of the monitoring and evaluation, LMI stakeholders are collecting detailed land administrative data across multiple land and investment offices regarding key land transactions (sales, greenfield investments, mortgages and building permits) to better understand how the new Land Management and Information Transaction System (LMITs) and related clarification of rights and boundaries</li> </ul>

	<p>affects time to process a land transaction, demand for land services and related land markets.</p> <ul style="list-style-type: none"> <li>The evaluation is anticipated to be completed in 2020 after a 3-year exposure period, with a final report in 2021.</li> </ul> <p><b>Water, Sanitation and Hygiene Project</b></p> <ul style="list-style-type: none"> <li>MCC has contracted an independent evaluator to (1) document how the project activities were implemented along with key outcomes of those activities; (2) track changes in outcomes among households who received subsidized connections to the water network on Santiago through the Social Access Funds; (3) assess utility-level outcomes that are expected to be affected by the WASH project activities; and (4) evaluate how FASA funding might have incentivized utilities to corporatize, how households and utilities are affected by the infrastructure, and consider the prospects for the infrastructure to be sustainably managed. The evaluation is scheduled to complete an interim report in fall 2018 and a final report to be submitted in 2022.</li> </ul>
--	--

## Compact Modifications

MCC employs a risk-based approach to the management of its portfolio and uses a number of mechanisms to manage projects that face potential major modifications, including the following:

- Quarterly portfolio reviews of all compacts, with a focus on high-risk projects and activities;
- Early identification of high-risk projects;
- Close collaboration with partner countries to develop plans to prevent, mitigate and manage project restructuring; and
- Approval of modifications at the appropriate level.

MCC also conducts due diligence on programs in advance of compact signing to increase the reliability of technical, cost, and other estimates. During compact development, MCC makes project design modifications to mitigate potential completion risk, currency fluctuations and the potential for construction cost overruns.

### Summary of Restructurings and Reallocations in FY 2016

	<b>Project/Activity</b>	<b>Programmatic Change</b>	<b>Description</b>
Indonesia	Green Prosperity Project / Green Prosperity Facility Activity (\$242	Reallocation of \$12 million of funding from the Green Prosperity Facility	During finalization of the Green Prosperity (GP) Facility portfolio in

	<b>Project/Activity</b>	<b>Programmatic Change</b>	<b>Description</b>
	million)	to Technical Assistance and Oversight	mid-2016, MCA-Indonesia identified budget shortfalls for technical assistance and oversight. The funds are needed for program administration, oversight, and identification of new initiatives to mitigate implementation risks and improve project sustainability. Such support will help improve the chances of successful implementation of the project grants, and aid in the delivery of GP grant outputs.
Indonesia (Cont.)	Procurement Modernization Project	Reallocation of \$7.7 million from the Program Administration and Control Activity to the Procurement Modernization Project's Procurement Professionalization Activity	The reallocation of funds was designed to help ensure project sustainability by including additional workshops, which would help expand socialization of key concepts, develop a competency-based professional certification program, and improve project investments under implementation. Moreover, MCA-Indonesia's assessment showed

	<b>Project/Activity</b>	<b>Programmatic Change</b>	<b>Description</b>
			that logistics costs for the project exceeded estimates, and additional support was needed to continue human resources development training with the projected beneficiaries to ensure program sustainability.
Indonesia (Cont.)	Procurement Modernization Project	Reallocation of \$2.2 million from the Program Administration and Control Activity to the Procurement Modernization Project's Policy and Procedure Development Activity	The objectives of the Public Private Partnership (PPP) Sub-Activity are to develop Policies and Procedures on PPP Procurement, and Bidding Documents to facilitate the implementation of PPP procurement across a diverse set of economic and social sectors. Piloting of these projects requires identification and close cooperation between MCA-Indonesia and the Government of Indonesia as well as the selected PPP proponents. After evaluating the quality of existing pre-feasibility studies for the selected pilots, it became clear that the additional funds are needed to refine

	<b>Project/Activity</b>	<b>Programmatic Change</b>	<b>Description</b>
			the existing studies in order for the PPP Sub-Activity to advance with the bidding documentation and the actual piloting of the new procurement policies and procedures.
Ghana	Northern Electric Distribution Company (NEDCO) Financial and Operational Turnaround Project	Approval by MCC management of a redesigned NEDCO Financial and Operational Turnaround Project in the amount of \$54.2 million	MCA-Ghana worked with MCC's Ghana country team to redesign the NEDCO project. The redesign, which was completed at the end of 2016, resulted in several material changes to the following activities: the Private Sector Participation Activity, the Modernizing Utility Operations Activity, the Tamale Service Area Improvement Activity, and the Commercial Development Activity. The redesigned project passes the 10 percent economic rate of return hurdle and was approved by MCC senior management in January 2017.
Zambia	Infrastructure Activity	Additional \$22 million to be	During program implementation, it

	<b>Project/Activity</b>	<b>Programmatic Change</b>	<b>Description</b>
		provided by the Government of the Republic of Zambia to support the completion of the Infrastructure Activity as originally planned	became clear that the cost to complete the Infrastructure Activity had increased due to unforeseen circumstances, including: Massive underground rock formations not detected during preparatory works; Change in the number of “Project Affected Persons” (persons losing assets because of the project who must compensated) and increased in-kind replacement of structures built in project corridors leading to increased resettlement costs; Underground utility relocations that had not been geo-referenced by utility companies that must be moved during construction works at a cost; Alignment of the detailed designs to adjust to changed circumstances in order to avoid high value impacts, and Increased costs associated with construction of the Bombay Drain. To mitigate this risk, the Zambians

	<b>Project/Activity</b>	<b>Programmatic Change</b>	<b>Description</b>
			committed to contribute \$22 million in 2017.

## Estimating Compact Beneficiaries and Benefits

Under MCC's results framework, beneficiaries are defined as an individual and all members of his or her household who will experience an income gain as a result of MCC interventions. We consider that the entire household will benefit from the income gain and counts are multiplied by the average household size in the area or country. The beneficiary standard makes a distinction between individuals participating in a project and individuals expected to increase their income as a result of the project. Before signing a compact, MCC estimates the expected long-term income gains through a rigorous benefit-cost analysis. MCC may reassess and modify its beneficiary estimates and the present value of benefits when project designs change during implementation.

<b>Compact <sup>2 3</sup></b>	<b>Estimated Number of Beneficiaries</b>	<b>Estimated Long Term Income Gain Over the Life of the Project (PV of Benefits) <sup>4</sup></b>
Armenia	428,000	\$295,500,000
Benin	14,059,000	\$409,600,000
Benin II	9,926,000	\$320,500,000
Burkina Faso	1,181,000	\$151,000,000
Cape Verde I	385,000	\$149,300,000
Cape Verde II	604,000	\$112,900,000
El Salvador	706,000	\$377,800,000
El Salvador II	6,446,000	\$224,500,000
Georgia	143,000	\$301,300,000
Georgia II	1,770,000	\$338,000,000
Ghana	1,217,000	\$733,100,000
Honduras	1,705,000	\$237,300,000
Indonesia <sup>5</sup>	1,700,000	\$217,000,000
Jordan	3,000,000	\$398,900,000
Lesotho	1,041,000	\$485,000,000
Liberia	564,000	\$353,900,000

<b>Compact <sup>2 3</sup></b>	<b>Estimated Number of Beneficiaries</b>	<b>Estimated Long Term Income Gain Over the Life of the Project (PV of Benefits) <sup>4</sup></b>
Madagascar	480,000	\$123,200,000
Malawi	983,000	\$567,200,000
Mali	2,837,000	\$393,600,000
Moldova	414,000	\$206,100,000
Mongolia	2,058,000	\$314,800,000
Morocco	1,695,000	\$805,400,000
Mozambique	2,685,000	\$288,900,000
Namibia	1,063,000	\$310,400,000
Nicaragua	119,000	\$83,500,000
Philippines	125,822,000	\$464,400,000
Senegal	1,550,000	\$625,000,000
Tanzania	5,425,000	\$1,474,000,000
Vanuatu	39,000	\$73,800,000
Zambia	1,200,000	\$306,600,000
Total for All Compacts <sup>6</sup>	191,244,000	\$11,142,500,000

## Post Compact Economic Rates of Return

All MCC projects are independently evaluated, and these independent evaluations often include post compact ERRs. Independently calculated ERRs complement the closeout ERRs that MCC calculates at the end of the compact. Because independent evaluations occur 2-5 years after compact closure, independently calculated ERRs can offer an updated assessment of a project's costs and benefits post-compact. However, these ERRs are still projections for projects whose benefits are often projected to last up to 20 years. Nonetheless, the independently produced post compact ERRs, which are based upon the best available evidence, complete the accountability loop in a way that is rare among donors. Two examples are below.

## Results of the Mozambique Farmer Income Support Project

MCC's Farmer Income Support Project (FISP) was designed to reduce the damage to the incomes of 1.7 million Mozambican farmers due to Coconut Lethal Yellowing Disease (CLYD). This was to be accomplished through (i) short term surveillance, control, and mitigation services, prompt eradication of diseased palms, and replanting with the less susceptible Mozambican Green Tall coconut variety, and (ii) Technical advisory services to introduce crop-diversification options. Given projected benefits to farmers'



incomes and the costs of the program, MCC originally projected the project to have an economic rate of return of 25.1 percent.

An independent evaluation of the FISP project's impacts found that cutting trees and burning tree stumps in epidemic areas did reduce CLYD prevalence, but not to the degree originally forecast, resulting in lower than expected productivity impacts. Likewise, endemic area alternative crop uptake was lower than expected, likely due to insufficient input and output market linkages. The resulting updated, ex-post ERR estimate was 16.8 percent. Greater detail on the evaluation and lessons learned are available in MCC's public evaluation catalogue.<sup>7</sup>

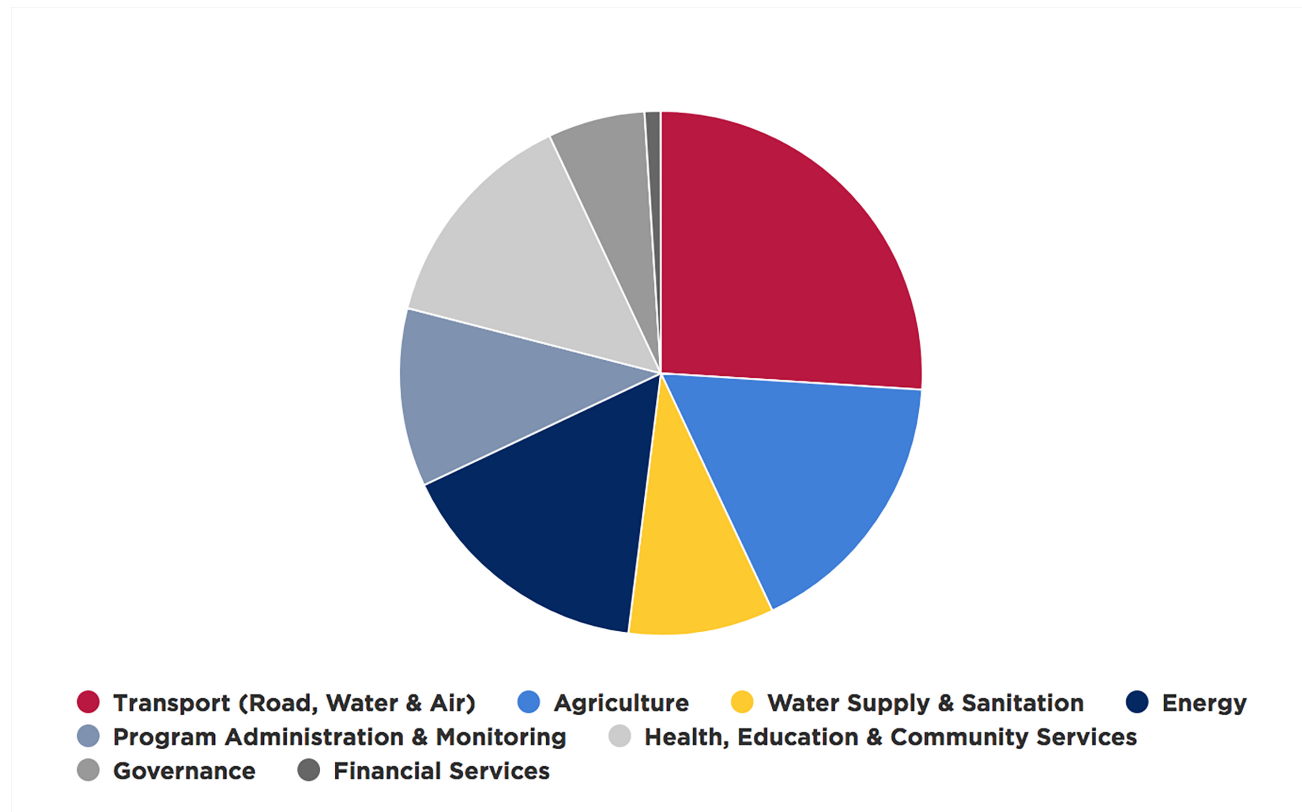
### **Results of the Nicaragua Transportation Project**

MCC's Nicaragua Transportation Project was designed to stimulate economic development and improve access to markets and social services by reducing transportation costs. It upgraded and rehabilitated 68 km of roads, consisting of two secondary roads and a trunk road. MCC's originally estimated an economic return from the project of 13.2 percent based on reduced vehicle operating costs and travel time savings for road users, including those who would travel on the road due to improved road conditions resulting from the project.

The independent evaluation of this project estimated actual impacts using data from 2 years after the roads were completed. It found that the road roughness, a key indicator of transport costs, decreased 80 percent on average, and traffic increased 12 percent on average over the 2 years to 3,062 vehicles per day. At the same time, the capital costs for the road works came in on average 2.2 times those estimated prior to implementation. Given this balance of measured benefits and costs, the resulting "ex-post" ERR fell to 2.1 percent, primarily due to these higher costs. (Benefits were roughly consistent with ex-ante estimates.) Greater detail on the evaluation and lessons learned are available in MCC's public evaluation catalogue,<sup>8</sup> and recently published Principles into Practice: Lessons from MCC's Investments in Roads.<sup>9</sup>

## Portfolio by Sector

### Investments by Sector



Sector	Amount (\$ Millions)
Transportation (Road, Water & Air)	\$3,044.4
Agriculture	\$1,963.6
Energy	\$1,889.3
Health, Education & Community Services	\$1,662.8
Program Administration & Monitoring	\$1,248.3
Water Supply & Sanitation	\$1,088.8
Governance	\$649.2
Financial Services	\$159.8
<b>Total</b>	<b>\$11,706.2</b>

### Results by Sector as of FY 2017 Q4

Sector	Indicator	Total Portfolio Actuals (cumulative value 2005-present)	Data Points (number of compacts)	Active and Completed Countries Tracked (underlined indicates still active)
Roads	Temporary employment generated in road construction	49,822	6	Armenia, Burkina Faso, Cabo Verde, El Salvador, <u>El Salvador II</u> , Georgia, Ghana, Honduras, <u>Liberia</u> , Mali, Moldova, Mongolia, Mozambique, Nicaragua, Philippines, Senegal, Tanzania, Vanuatu
	Kilometers of roads completed	3,035	15	
Agriculture & Irrigation	Farmers trained	330,814	14	Armenia, Burkina Faso, Cabo Verde, El Salvador, Georgia, Ghana, Honduras, <u>Indonesia</u> , Madagascar, Mali, Moldova, Morocco, Mozambique, Namibia, Nicaragua, Senegal
	Farmers who have applied improved practices as a result of training	126,592	10	
	Hectares under improved irrigation	203,963	8	
	Value of agricultural and rural loans	\$87,074,694	9	
Water & Sanitation	Temporary employment generated in water and sanitation construction	21,459	6	<u>Cabo Verde II</u> , El Salvador, Georgia, Ghana, Jordan, Lesotho, Mozambique, Tanzania, <u>Zambia</u>
	People trained in hygiene and sanitary best practices	12,135	6	
	Water points constructed	1,181	3	

Sector	Indicator	Total Portfolio Actuals (cumulative value 2005-present)	Data Points (number of compacts)	Active and Completed Countries Tracked (underlined indicates still active)
	Operating cost coverage	93%	4	
	Access to improved water supply	63%	3	
Education	Students participating	215,607	7	Burkina Faso, El Salvador, <u>El Salvador II</u> , <u>Georgia II</u> , Ghana, Mongolia, Morocco, Namibia
	Facilities completed	772	6	
	Graduates from MCC-supported education activities	62,211	5	
Land	Legal and regulatory reforms adopted	127	7	Benin, Burkina Faso, <u>Cabo Verde II</u> , Ghana, <u>Indonesia</u> , Lesotho, Madagascar, Mali, Mongolia, Mozambique, Namibia, Nicaragua, Senegal
	Stakeholders trained	76,531	11	
	Land administration offices established or upgraded	399	8	
	Parcels corrected or incorporated in land system	338,393	8	
	Land rights formalized	321,508	7	
Power	Kilometers of lines completed	4,318	4	El Salvador, Georgia, Ghana, <u>Ghana II</u> , <u>Indonesia</u> , <u>Liberia</u> , <u>Malawi</u> , Mongolia, Tanzania

Sector	Indicator	Total Portfolio Actuals (cumulative value 2005-present)	Data Points (number of compacts)	Active and Completed Countries Tracked (underlined indicates still active)
--------	-----------	---	----------------------------------	--

## Sector Results at a Glance

*Numbers are cumulative since the agency's founding in 2004 and current as of September 2017.*

Once a country is selected as eligible to develop a compact or threshold program, the first step in MCC's process is to work with partner country officials to conduct a rigorous, joint analysis that identifies the most binding constraints to economic growth. These results help prioritize MCC's investments in the areas that are the biggest impediments to private investment and poverty reduction and may include access to credit, governance, electricity, transportation, or education. Constraints to growth are different for each country and ultimately drive MCC's investment strategy. Below are highlights of MCC's sector investments that have emerged from this analysis.

### Power

#### 2,683 miles of electricity lines completed

MCC is making major investments in the energy sector to reduce energy poverty in **Nepal, Benin, Ghana, Liberia, Malawi** and **Sierra Leone**, while encouraging power sector reforms that complement infrastructure investments. In **Liberia**, MCC's compact funds the rehabilitation of a hydropower facility to increase the amount of generated electricity, facilitate lower overall electricity rates, and increase the reliability and adequacy of electricity. In **Ghana**, the government took significant steps to revitalize its power sector by inviting the private sector to invest in one of its national distribution utility. Implementation of the compact with **Benin** continues while significant construction works for large-scale, on-grid generation, transmission and distribution projects are underway in **Malawi**, as well as smaller-scale, on- and off-grid energy projects in **Indonesia**. In **Sierra Leone**, MCC began carrying out its threshold program to build the capacity of the newly established power regulator and power generation and transmission utility. In **Nepal**, preparations are underway for the design of the transmission line funded under the compact. In addition, **Kosovo's** threshold program will strengthen the power sector by fostering a market-driven approach to lowering energy costs for households and business, and developing new sources of electricity generation.

### Transportation

#### 2,500 miles of road completed

#### 1,000 additional miles of roadway under construction

In May 2016, the **Philippines**, using MCC compact funding, successfully completed the reconstruction/rehabilitation of 137.9 miles of a road in the Samar and Eastern Samar provinces of the

country that will help lower transport costs and travel time and opens up possibilities for new markets. For the **Niger Compact**, investments were prepared for the upgrading of approximately 198 miles of roads to international standards, and enhancement of both national and regional connectivity. Implementation of technical assistance and policy reform activities that would set **Liberia** on a long-term path to a sustainable road maintenance were started. In **Nepal**, a comprehensive technical assistance program targeting capacity building in road maintenance planning and construction has been launched and includes plans to conduct the periodic maintenance of approximately 300km of roads. In **Cote D'Ivoire**, the design of major rehabilitation and upgrading of four (4) major urban corridors in the metropolitan area of Abidjan has been launched. In El Salvador, the construction tender for a capacity upgrading of the heavily trafficked segment of 18 miles of coastal highway has been completed and construction is scheduled to start in early winter 2018.

## Water and Sanitation

**12,135 people trained in hygiene and sanitary best practices**

**1,181 water points constructed**

MCC supports capital improvements and policy and institutional reforms to improve the level and quality of water and sanitation services in partner countries. MCC's five year compact with **Jordan**, for example, closed in FY 2016 after investing more than \$200 million for rehabilitation and construction of water supply and wastewater infrastructure including investment in the As-Samra wastewater treatment plant where treated effluent will be diverted for agricultural use saving precious bulk water supply for this water poor nation. MCC's compact investment in **Zambia** is strengthening the main water utility company to improve billings and collections and provide more reliable service to its customers. In **Sierra Leone**, MCC is partnering with the government on a threshold program to implement policy reforms, build institutional capacity and improve governance in the water sector in Freetown. A comprehensive assessment of the water utility in Guma Valley was conducted to determine the priority areas of assistance for strengthening utility performance but because a cost-benefit analysis is not required for threshold program assistance, the estimated number of beneficiaries above does not include the Sierra Leone beneficiaries.

## Agriculture and Irrigation

**330,814 farmers trained**

**504,004 acres (203,963 hectares) under improved irrigation** In July 2016, MCC signed a \$437 million compact with Niger focused on strengthening the agricultural sector. Through the compact's Irrigation and the Market Access Project, MCC will work with the Government of Niger to improve irrigation, including the rehabilitation and development of three large-scale irrigation systems in the Dosso and Tahoua regions, to increase crop yields, sustainable fishing and livestock productivity. In addition, the project will reform policies and institutions, including the establishment of a national water resource management plan and natural resource and land use management plans, and create local capacities to increase understanding of best-practices to sustainably use and maintain irrigation and market infrastructure.

## Land

**321,508 household, commercial, and legal entities gained protected land rights**

MCC works with partner countries to improve land governance and administration, strengthen property rights, and stimulate private-sector investment for more productive land use. In **Cabo Verde**, MCC has invested to reduce the time required to register property rights and establish more conclusive land records in areas with high development potential. MCC funding was used under a pilot activity to complete surveys for 100 percent of land parcels on the island of Sal, which are now being registered. This activity led to the passage of a legal amendment in August 2016 that streamlined the land survey and registration process. MCC is now funding the survey and registration of an additional 22,824 parcels on the islands of Boa Vista, Maio, and Sao Vicente. In **Indonesia**, MCC's investment in natural resource management and renewable energy includes development of a methodology for community-based participatory mapping of village boundaries and cultural and natural resources. Following this methodology, villages are able to produce legally recognized village maps to enhance land use plans. As of September 30, 2016, MCC funding had assisted 114 communities in defining and demarcating the boundaries of their villages. Land and natural resource information systems were being installed in government offices in 35 districts across 10 provinces to provide decision-makers with the information they need to encourage investment while effectively supporting the management of their land and other natural resources.

**Education****772 education facilities constructed or rehabilitated****4,716 instructors trained****215,607 students participating in MCC-supported education activities**

MCC works with partner countries to ensure that students obtain the knowledge and skills demanded by the private sector. In FY 2016, **El Salvador** officially announced its commitment to reform the technical and vocational education and training (TVET) system, identifying four transformative industries to target. The Salvadorians are establishing Skills Sector Committees for each of these four industries to define demand-driven training programs to feed into the overall technical and vocational educating training system. In **Georgia**, 26 schools have been completed, with another 3 on track to be completed by December 2017 and hundreds of students will be able to move into highly improved learning environments. Also in Georgia, more than 1,600 principals have been trained. The MCA-Georgia TVET Facility has awarded its first round of grants totaling approximately \$12 million, slated to be disbursed in 2018. In September 2016, construction tenders were successfully launched for rehabilitation of pilot schools for MCC's Morocco Compact. Also in **Morocco**, preparations are underway to field test an innovative Integrated School Improvement Model that will eventually be implemented in approximately 100 secondary schools, and planning advanced significantly for a TVET Grant Facility as well as a results-based financing component of the compact that aims to improve job placement for women and at-risk youth. In **Cote D'Ivoire**, MCC signed a Compact with the government in November 2017. The Compact includes an education project with investments in both secondary education and TVET. The secondary education activity will increase access to and the quality of education for students, while the TVET activity will introduce a demand-driven model of skills development with private sector governance. Further, the **Guatemala** threshold program now includes a TVET component.

**Health**

**1,564 health providers trained on growth monitoring**

**6,857 service providers trained on community-led total sanitation triggering**

**16,797 service providers trained on infant and young child feeding**

MCC works with partner countries to integrate sanitation, maternal and child health, and nutrition interventions to reduce stunting and increase household income. In Indonesia, MCC has committed more than \$130 million to improve nutrition and health. MCC's Indonesia Compact includes a partnership with the World Bank using incentives-based community grants to increase the demand for health, nutrition and education services and improves the health sector's capacity to respond to increased demand at the facility and community level. In Sierra Leone, MCC has committed \$5 million to improve access to reliable and safe water and sanitation (WASH) services, and to promote WASH practices at the household level. Increased access to safe drinking water, food, and sanitation services is critical to improving children's nutritional status and preventing environmental enteropathy, which has been associated with growth failure in children.



## Common Indicators

### Agriculture and Irrigation (all common indicators data as of September 10, 2017)

Country	Region	Process Indicators					Output Indicators					Outcome Indicators		
		(AI-1) Value of signed irrigation feasibility and design contracts (USD)	(AI-2) Percent disbursed of irrigation feasibility and design contracts	(AI-3) Value of signed irrigation construction contracts (USD)	(AI-4) Percent disbursed of irrigation construction contracts	(AI-5) Temporary employment generated in irrigation	(AI-6) Farmers trained	(AI-7) Enterprises assisted	(AI-8) Hectares under improved irrigation	(AI-9) Loan borrowers	(AI-10) Value of agricultural and rural loans (USD)	(AI-11) Farmers who have applied improved practices as a result of training	(AI-12) Hectares under improved practices as a result of training	(AI-13) Enterprises that have applied improved techniques
MCC Total		51,925,328	87.3%	698,425,169	90.2%	6,908	330,814	4,223	203,963	1,195	87,074,694	126,592	42,226	1,016
EAPLA* Total		10,686,574	93.0%	190,892,731	88.1%	2,975	139,419	1,597	11,926	1,099	66,414,932	56,496	7,279	418
AFRICA Total		41,238,754	85.8%	507,532,438	90.9%	3,933	191,395	2,626	192,037	96	20,659,762	70,096	34,947	598
Armenia	EAPLA	4,601,073	100.0%	106,653,443	100.0%	2,389	45,639	227	-	1,008	13,133,200	26,424	-	178
El Salvador		-	-	-	-	-	15,363	281	-	29	4,598,748	11,520	-	163
Georgia		1,155,881	53.4%	-	-	-	-	291	-	-	19,880,003	-	-	-
Honduras		-	-	-	-	-	7,265	464	400	-	17,100,000	6,996	-	-
Indonesia		-	-	-	-	-	55,479	-	-	-	-	-	-	-
Moldova		4,929,620	95.7%	84,239,288	73.0%	586	6,569	334	11,526	62	11,702,981	2,452	7,279	77
Nicaragua		-	-	-	-	-	9,104	-	-	-	-	9,104	-	-
Burkina Faso	AFRICA	17,268,474	74.8%	74,339,448	95.3%	2,414	12,307	278	2,240	96	2,802,000	8,237	3,369	28
Cabo Verde I		-	-	5,167,848	97.6%	-	553	-	13	-	617,000	106	-	-
Ghana		5,202,887	100.0%	13,009,963	100.0%	-	66,930	1,724	514	-	16,740,762	59,060	-	535
Madagascar		-	-	-	-	-	31,366	324	-	-	-	1,892	-	1
Mali		9,077,220	98.2%	148,951,503	98.3%	-	1,308	-	97,503	-	500,000	801	-	-
Morocco		-	-	111,353,027	99.0%	-	40,863	114	53,376	-	-	-	31,578	34
Mozambique		-	-	-	-	-	28,830	186	-	-	-	-	-	-
Namibia		-	-	-	-	-	9,238	-	-	-	-	-	-	-
Senegal		9,690,173	86.3%	154,710,649	75.0%	1,519	-	-	38,391	-	-	-	-	-
Gender**														

		Process Indicators					Output Indicators					Outcome Indicators		
Country	Region	(AI-1) Value of signed irrigation feasibility and design contracts (USD)	(AI-2) Percent disbursed of irrigation feasibility and design contracts	(AI-3) Value of signed irrigation construction contracts (USD)	(AI-4) Percent disbursed of irrigation construction contracts	(AI-5) Temporary employment generated in irrigation	(AI-6) Farmers trained	(AI-7) Enterprises assisted	(AI-8) Hectares under improved irrigation	(AI-9) Loan borrowers	(AI-10) Value of agricultural and rural loans (USD)	(AI-11) Farmers who have applied improved practices as a result of training	(AI-12) Hectares under improved practices as a result of training	(AI-13) Enterprises that have applied improved techniques
Female						227	67,733	107		121	924,102	17,660		20
Male						4,292	156,967	413		1,066	13,580,879	40,077		85

All program data are as of September 10, 2017. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts. Indicators in this Results Framework may be added, removed, or modified as MCC's investments in education evolve over time. All MCC education programs have as their long-term end goal an increase in individual or household income and a corresponding decrease in poverty.

\* Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

## Education

Country	Region	Process Indicators		Output Indicators			Outcome Indicators		
		(E-1) Value of signed educational facility construction, rehabilitation, and equipping contracts (USD)	(E-2) Percent disbursed of educational facility construction, rehabilitation, and equipping contracts	(E-3) Legal, financial, and policy reforms adopted	(E-4) Educational facilities constructed or rehabilitated	(E-5) Instructors trained	(E-6) Students participating in MCC-supported education activities	(E-7) Graduates from MCC-supported education activities	(E-8) Employed graduates of MCC-supported education activities
MCC Total		208,031,689	92.4%	5	772	4,716	215,607	62,211	–
EAPLA Total		65,724,596	78.7%	5	66	2,107	48,599	16,252	–
AFRICA Total		142,307,093	98.7%	–	706	2,609	167,008	45,959	–
El Salvador I	EAPLA	9,857,585	99.8%	–	22	378	30,672	4,285	–
El Salvador II		–	–	–	–	–	–	–	–
Georgia II**		27,687,683	52.0%	–	26	359	447	–	–
Mongolia		28,179,328	97.6%	5	18	1,370	17,480	11,967	–
Burkina Faso	AFRICA	22,758,211	99.9%	–	396	557	31,065	4,035	–
Ghana		18,689,747	100.0%	–	250	–	41,019	–	–
Morocco		4,568,837	76.2%	–	–	2,052	93,424	41,383	–
Morocco II		–	–	–	–	–	–	–	–
Namibia		96,290,298	99.2%	–	60	–	1,500	541	–
Gender*									
Female						2,420	72,963	36,990	–
Male						2,296	64,468	20,513	–

All program data are as of September 10, 2017. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts. Indicators in this Results Framework may be added, removed, or modified as MCC's investments in education evolve over time. All MCC education programs have as their long-term end goal an increase in individual or household income and a corresponding decrease in poverty.

\* Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

\*\* (E-5) Number decreased from 30 to 26 because it was misreported in the previous quarter.

## Land

Country	Region	Output Indicators						Outcome Indicators	
		(L-1) Legal and regulatory reforms adopted	(L-2) Land administration offices established or upgraded	(L-3) Stakeholders trained	(L-4) Conflicts successfully mediated	(L-5) Parcels corrected or incorporated in land system	(L-6) Land rights formalized	(L-7) Percentage change in time for property transactions	(L-8) Percentage change in cost for property transactions
MCC Total		127	399	76,531	12,433	338,393	321,508	NA	NA
EAPLA Total		6	15	6,949	10,639	18,336	20,672	NA	NA
AFRICA Total		121	384	69,582	1,794	320,057	300,836	NA	NA
Indonesia	EAPLA	-	-	3,029	-	-	-	-	-
Mongolia		6	15	3,920	10,639	18,336	20,672	-	-
Nicaragua		-	-	-	-	-	-	-	-
Benin	AFRICA	-	-	50	-	-	-	-	-
Burkina Faso		54	78	61,057	1,364	18,490	4,793	-	-
Cabo Verde II		29	38	439	178	22,913	9,723	-	-
Ghana		4	3	427	23	1,481	-	-	-
Lesotho		11	1	575	151	53,296	21,753	-93	-
Madagascar		4	237	-	-	-	-	-	-
Mali		-	1	1,354	-	-	-	-	-
Mozambique		-	26	1,516	-	205,005	251,556	-	-
Morocco II		-	-	-	-	-	-	-	-
Namibia		19	-	2,524	-	8,869	4,356	-	-
Senegal		-	-	1,640	78	10,003	8,655	-	-
Gender*									
Male				53,837			85,665		
Female				21,538			55,141		
Joint							18,802		
Location*									
Urban						195,308	154,475		
Rural						89,789	124,608		

All program data are as of September 10, 2017. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts. Indicators in this Results Framework may be added, removed, or modified as MCC's investments in education evolve over time. All MCC education programs have as their long-term end goal an increase in individual or household income and a corresponding decrease in poverty.

\* Gender and location totals may not match overall totals due to lack of counting by gender and location in earlier compacts.

## Power

Process Indicators							Output Indicators						
Country	Region	(P-1) Value of signed power infrastructure feasibility and design contracts	(P-2) Percent disbursed of power infrastructure feasibility and design contracts	(P-3) Value of signed power infrastructure construction contracts	(P-4) Percent disbursed of power infrastructure construction contracts	(P-5) Temporary employment generated in power infrastructure construction	(P-6) Generation capacity added	(P-7 and P-10) Km lines upgraded or built	(P-8) Transmission throughput capacity added	(P-9 and P-11) Substation capacity added	(P-12) Customers added by project	(P-13) Maintenance e xpenditure- asset value ratio	(P-14) Cost- reflective tariff regime
MCC Total		21,691,032	105.6%	489,000,472	68.6%	8,293	44	4,318	NA	84	35,412	NA	NA
EAPLA Total		-	0.0%	0	0.0%	-	-	1,523	NA	-	35,412	NA	NA
AFRICA total		21,691,032	105.6%	489,000,472	68.6%	8,293	44	2,796	NA	84	-	NA	NA
El Salvador	EAPLA	-	-	-	-	-	-	1,523	-	-	35,412	-	-
Georgia		-	-	-	-	-	-	-	-	-	-	-	-
Indonesia		-	-	-	-	-	-	-	-	-	-	-	-
Mongolia		-	-	-	-	-	-	-	-	-	-	-	-
Benin II	AFRICA	-	-	-	-	-	-	-	-	-	-	-	-
Ghana		-	-	-	-	-	-	99				-	-
Ghana II		-	-	-	-	-	-	-	-	-	-	-	-
Liberia***		-	-	101,773,325	100.0%	-	44	24	-	84	-	-	-
Malawi		5,943,608	98.0%	233,674,595	44.0%	4,220	-	-	-	-	-	2	-
Tanzania		15,747,424	108.6%	153,552,553	85.3%	4,073	-	2,673	-	-	-	-	-
T&D													
Transmission		-	-	-	-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	4,294	-	-	-	-	-
Gender*													
Female						-					-		
Male							-					-	
Grid													
On-grid							-						
Off-grid							-						
Tariff class													

Process Indicators							Output Indicators						
Country	Region	(P-1) Value of signed power infrastructure feasibility and design contracts	(P-2) Percent disbursed of power infrastructure feasibility and design contracts	(P-3) Value of signed power infrastructure construction contracts	(P-4) Percent disbursed of power infrastructure construction contracts	(P-5) Temporary employment generated in power infrastructure construction	(P-6) Generation capacity added	(P-7 and P-10) Km lines upgraded or built	(P-8) Transmission throughput capacity added	(P-9 and P-11) Substation capacity added	(P-12) Customers added by project	(P-13) Maintenance e xpenditure- asset value ratio	(P-14) Cost- reflective tariff regime
Residential											-		
Commercial											-		
Industrial											-		

All program data are as of September 10, 2017. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

\*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

\*\* This is a monitoring indicator and cannot be attributed solely to MCC investment.

\*\*\* Not all common indicator data for Liberia were included for this quarter as the data are still being verified.

\*\*\*\*In Ghana II there are two utilities who report different SAIDI and SAIFI numbers. P-21 – ECG: 24.02, NEDCo: 35 P-22 – ECG: 23.57, NEDCo: 39.5

## Power (continued)

		Outcome Indicators											
Country	Region	(P-15) Total electricity supply	(P-16) Power plant availability	(P-17) Installed generation capacity	(P-18) Transmission system technical losses (%)	(P-19) Distribution system losses	(P-20) Commercial losses	(P-21) System Average Interruption Duration Index (SAIDI)	(P-22) System Average Interruption Frequency Index (SAIFI)	(P-23) Total electricity sold	(P-24) Operating cost-recovery ratio	(P-25) Percentage of households connected to the national grid	(P-26) Share of renewable energy in the country
MCC Total		13,796,863	NA	5,732	NA	NA	NA	NA	NA	1,810,250	NA	NA	NA
EAPLA Total		0	NA	0	NA	NA	NA	NA	NA	0	NA	NA	NA
AFRICA total		13,796,863	NA	5,732	NA	NA	NA	NA	NA	1,810,250	NA	NA	NA
El Salvador	EAPLA	-	-	-	-	-	-	-	-	-	-	-	-
Georgia		-	-	-	-	-	-	-	-	-	-	-	-
Indonesia		-	-	-	-	-	-	-	-	-	-	-	-
Mongolia		-	-	-	-	-	-	-	-	-	-	-	-
Benin II	AFRICA	-	-	-	-	-	-	-	-	-	-	-	-
Ghana		-	-	-	-	-	-	-	-	-	-	-	-
Ghana II		11,935,781	77.6	4,316	-	-	-	24.02; 35****	23.57; 39.5****	-	-	-	-
Liberia***		60,236	65	139	-	-	-	81	57	29,156	-	6	32
Malawi		1,800,846	108	327	23.2	18.3	-	-	-	1,455,324	67.60	-	100
Tanzania		-	-	949	-	-	-	-	-	325,769	-	-	-
T&D													
Transmission		-	-	-	-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-	-	-	-
Gender*													
Female													
Male													
Grid													
On-grid				-									
Off-grid				-									
Tariff class													
Residential										-			



		Outcome Indicators											
Country	Region	(P-15) Total electricity supply	(P-16) Power plant availability	(P-17) Installed generation capacity	(P-18) Transmission system technical losses (%)	(P-19) Distribution system losses	(P-20) Commercial losses	(P-21) System Average Interruption Duration Index (SAIDI)	(P-22) System Average Interruption Frequency Index (SAIFI)	(P-23) Total electricity sold	(P-24) Operating cost-recovery ratio	(P-25) Percentage of households connected to the national grid	(P-26) Share of renewable energy in the country
Commercial										-			
Industrial										-			

All program data are as of September 10, 2017. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

\*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

\*\* This is a monitoring indicator and cannot be attributed solely to MCC investment.

\*\*\* Not all common indicator data for Liberia was included for this quarter as the data is still being verified.

\*\*\*\*In Ghana II there are two utilities who report different SAIDI and SAIFI numbers. P-21 – ECG: 24.02, NEDCo: 35 P-22 – ECG: 23.57, NEDCo: 39.5

## Roads

		Process Indicators							Output Indicators	Outcome Indicators		
Country	Region	(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under works contracts	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
MCC Total		130,499,160	96.7%	4,465	2,345,958,621	88.8%	3,918	49,822	3,035	NA	NA	655
EAPLA Total	EAPLA	64,075,771	93%	1,791	1,084,655,312	90%	1834.3	1,309	1,749	-	-	-
AFRICA Total		66,423,389	100%	2,675	1,261,303,310	87%	2083.4	48,513	1,286	-	-	651
Armenia		-	-	-	-	-	-	-	24.4	3.47	735	-
El Salvador I		18,321,410	99%	223	248,378,825	97%	223.0	-	223.32	-	-	-
El Salvador II		-	-	32	-	-	-	-	-	-	-	-
Georgia		11,980,000	99%	-	197,299,030	100%	220.2	-	220.20	1.50	1,092	-
Honduras		9,500,000	75%	673	179,400,000	72%	673.0	-	610.10	-	-	-
Moldova		-	-	96	100,807,443	96%	96.0	1,309	96	-	-	4
Mongolia		6,083,650	89%	19.3	73,108,907	91%	176.4	-	176.40	1.90	353	-
Nicaragua		-	-	375.5	56,507,526	100%	74.0	-	74.0	-	-	-
Philippines		15,235,623	94%	222.0	173,156,531	81%	222.0	-	175.0	-	-	-
Vanuatu		2,955,088	100%	150	55,997,051	97%	149.7	-	149.70	3.00	-	-
Burkina Faso	AFRICA	8,339,651	115%	536	140,205,145	102%	419.1	4,162	277.80	-	-	6
Cape Verde I		3,520,000	92%	63	24,280,000	100%	40.6	-	40.60	2.00	-	-
Ghana		5,549,044	100%	943	250,604,022	100%	446.4	35,455	445.03	-	-	602
Liberia		-	-	-	-	-	-	-	-	-	-	-
Mali		-	-	-	42,918,038	35%	81.0	-	79.00	-	-	-
Mozambique**		17,669,992	85%	253	132,240,557	88%	253.0	2,308	253	-	-	-
Senegal		12,201,371	102%	406	271,128,882	70%	375.0	2,757	***	-	-	43
Tanzania		19,143,331	107%	473	399,926,666	91%	468.34	3,831	190.14	-	-	-
Gender*												
Male								13,260				45

		Process Indicators							Output Indicators	Outcome Indicators		
Country	Region	(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under works contracts	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
Female								1,197				4
Road Type*												
Primary		65,222,944	23%	2,093	1,342,644,867	90%	1,867		1,177.58			
Secondary		24,735,623	87%	1,374	617,229,323	85%	1,133		478.65			
Tertiary		6,719,183	112%	935	164,505,401	66%	681		1,077.77			

All program data are as of September 10, 2017. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

\*Gender and road type totals may not match overall totals due to lack of counting by gender and road type in earlier Compacts.

\*\* The kilometers of roads completed for Mozambique is provisional data. Subject to change after verification of takeover certificates.

\*\*\* According to the Common Indicator definition, a road is completed when official certificates are handed over and approved. In Senegal, this was taken to mean final acceptance of the road works, which typically happens after the end of the 1 year defects liability period which starts when the construction is completed and the roads are provisionally accepted. As part of its Compact, Senegal intended to rehabilitate 372 kilometers of national roads. By September 2015, when the Senegal Compact closed, no roads had achieved final acceptance, and therefore were not officially completed, per the common indicator definition. However, by the end of the Compact, 185km of roads had been fully rehabilitated and had received provisional acceptance. An additional 72km were provisionally accepted in November 2015, and the remaining 116km are anticipated to be provisionally accepted with the support of the Government of Senegal by mid-2016.

## Water Supply, Sanitation, and Hygiene

Process Indicators							Output Indicators	
Country	Region	(WS-1) Value of signed water and sanitation feasibility and design contracts (USD)	(WS-2) Percent disbursed of water and sanitation feasibility and design contracts	(WS-3) Value of signed water and sanitation construction contracts (USD)	(WS-4) Percent disbursed of water and sanitation construction contracts	(WS-5) Temporary employment generated in water and sanitation construction	(WS-6) People trained in hygiene and sanitary best practices	(WS-7) Water points constructed
MCC Total		57,878,874	96.1%	798,435,421	81.4%	21,459	12,135	1,181
EAPLA Total		5,250,665	96.2%	303,498,694	98.8%	3,825	2,406	–
AFRICA Total		52,628,209	96.1%	494,936,726	70.7%	17,634	9,729	1,181
El Salvador	EAPLA	4,983,800	96.0%	10,451,448	97.5%	–	2,406	–
Georgia		266,865	100.0%	54,315,000	94.2%	–	–	–
Jordan		–	–	238,732,246	100%	3,825	–	–
Cabo Verde II****	AFRICA	730,419	82.0%	18,739,566	78.0%	759	32	–
Ghana		1,475,148	100.0%	13,949,465	100.0%	–	778	392
Lesotho		3,594,133	100.0%	59,733,645	89%	11,527	454	175
Mozambique		35,076,009	99.1%	169,500,497	87.5%	2,276	8,400	614
Tanzania		6,861,280	102.1%	45,403,796	81.1%	387	–	–
Zambia		4,891,220	64.0%	187,609,757	44.0%	2,685	65	–
Gender*								
Female						1,059	5,777	
Male						8,486	5,904	

All program data are as of September 10, 2017. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

\*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

\*\* This is a monitoring indicator; any change over baseline data represents the current trend and does not represent the direct impact of the MCC-investment.

\*\*\* Jordan's M&E Plan has, throughout the life of the compact, defined hours of supply as hours/week. As such all documentation is in this form. The value here has been divided by 7 here to accurately reflect supply hours per day.

\*\*\*\*(WS-8): In Cabo Verde II the utility is in transition and during this period it has experienced challenges with its billing system and low collection rates, which accounts for some of the high rates of Non revenue water.

\*\*\* (WS-5): Number decreased due to a correction in previously recorded data in Cabo Verde II.

\*\*\*\* The current unit for volume of water produced has a discrepancy. MCC M&E is in the process of revising this common indicator to clarify and align with current industry standards.

## Water Supply, Sanitation, and Hygiene (continued)

Country	Region	Outcome Indicators								
		(WS-8) Non revenue water	(WS-9) Continuity of service	(WS-10) Operating cost coverage	(WS-11)** Volume of water produced*****	(WS-12) Access to improved water supply	(WS-13) Access to improved sanitation	(WS-14)** Residential water consumption	(WS-15)** Industrial/Comme rcial water consumption	(WS-16)** Prevalence of diarrhea
MCC Total		52.9%	NA	NA	220,152,344	NA	NA	NA	NA	NA
EAPLA Total		50.7%	–	–	–	–	–	–	–	–
AFRICA Total		55.1%	–	–	220,152,344	–	–	–	–	–
El Salvador	EAPLA	–	–	–	–	83.0%	88%			
Georgia		–	–	–	–	–	–	–	–	–
Jordan		50.7%	7.35***	85.6%	–	–	67%	54.1	–	3.1
Cabo Verde II****	AFRICA	97.5%	14.6	64%	–	81.50%	75	22.0		–
Ghana		–	–	–	–	–	–	36.0	–	–
Lesotho		27.0%	–	–	–	–	–	–	–	–
Mozambique		–	–	–	–	23.4%	–	19.5	–	–
Tanzania		48.8%	–	113.1%	200,330,000	–	–	166.5	998,439.6	–
Zambia		47.0%	18	110.0%	19,822,344	–	–	–	–	–
Gender*										
Female										
Male										

All program data are as of September 10, 2017. Data are preliminary and subject to adjustment. Grey shading indicates closed-out Compacts; data revision is not expected for these Compacts.

\*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

\*\* This is a monitoring indicator; any change over baseline data represents the current trend and does not represent the direct impact of the MCC-investment.

\*\*\* Jordan's M&E Plan has, throughout the life of the compact, defined hours of supply as hours/week. As such all documentation is in this form. The value here has been divided by 7 here to accurately reflect supply hours per day.

\*\*\*\*(WS-8): In Cabo Verde II the utility is in transition and during this period it has experienced challenges with its billing system and low collection rates, which accounts for some of the high rates of Non revenue water.

\*\*\* (WS-5): Number decreased due to a correction in previously recorded data in Cabo Verde II.

\*\*\*\* The current unit for volume of water produced has a discrepancy. MCC M&E is in the process of revising this common indicator to clarify and align with current industry standards.

## FY 2018 Corporate Goals

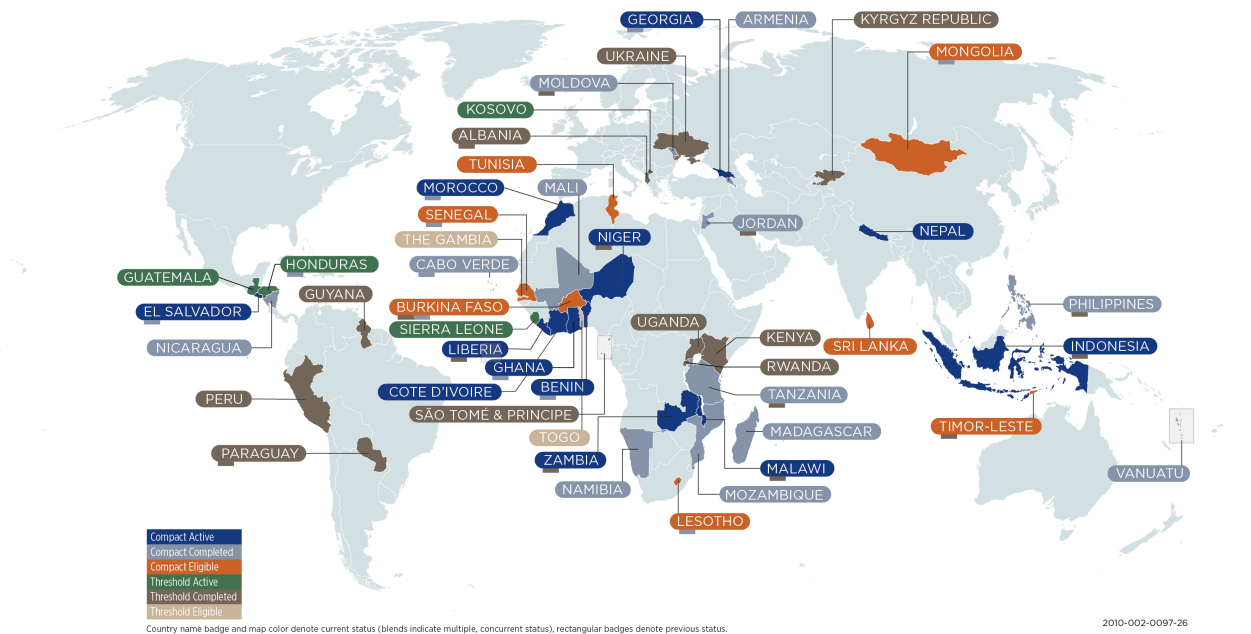
For FY 2018, MCC management established four specific goals to guide agency planning and performance for the year. These goals build on MCC's current strategic plan, NEXT, as the agency awaits incoming political leadership. As in past years, these corporate goals are the starting point for annual department and division goal-setting, from which staff develop their individual performance plans. Below you will find MCC's FY 2018 corporate goals with a brief description of MCC's progress to date.

Corporate Priority	Progress
Advance and deliver high-quality compacts and threshold programs.	For program development, MCC is on target to present compact programs with Mongolia, Senegal and Sri Lanka to the Board in FY 2018, while closely monitoring progress on potential compact programs with Tunisia and Burkina Faso to ensure successful Board presentations in FY 2019. MCC is also monitoring ongoing governance challenges in Togo to determine the best path forward for the proposed Togo threshold program, while initiating compact and threshold program development, respectively, with Timor-Leste and the Gambia. For program implementation, highlights include the signing on the Cote d'Ivoire compact and the successful close out of MCC's \$66 million compact with Cabo Verde in November, as well as entry into force of the Niger compact in January 2018. MCC is also preparing for close out in Indonesia and Honduras, while closely monitoring implementation progress across the compact and threshold program portfolio.
Strengthen organization health and effectiveness.	For FY 2018, MCC is focused on three improvements—reforming MCC's performance management system, implementing targeted efforts to improve knowledge management, and creating tools to better link workforce decisions to agency business needs. For performance management, the agency launched a new recognition program and successfully completed the FY 2017 review cycle utilizing new agency-wide leadership



Corporate Priority	Progress
	<p>dimensions/guidance. For knowledge management, MCC completed an assessment and is implementing key elements of the KM action plan. On workforce planning, the agency launched an organizational development assessment and continues to make progress on improved workforce demand tools.</p>
<p>Enhance operational and technical agility.</p>	<p>As described elsewhere in this document, MCC launched an “efficiency challenge” to identify opportunities to improve and shorten the program development process, launched the new Star Report tool to consolidate and streamline reporting, rolled out a new U.S. market outreach strategy, and is piloting new program management tools for country partners to better and more consistently manage—and report to MCC about—compact projects/activities.</p>
<p>Advance MCC policy and legislative initiatives.</p>	<p>In anticipation of MCC’s incoming leadership team, the agency is preparing several key policy and legislative initiatives for consideration by new leadership. Specifically, MCC continues to engage with Congress to obtain concurrent compact authority for the purposes of making regional investments, with legislation expected to be voted on by the full Senate and the House in early 2018. In addition, the agency has continued efforts to better assess and measure the impact of MCC programs/activities focused on policy and institutional reform.</p>

## Compact, Threshold Program and Eligible Countries





## Endnotes

1. Cabo Verde II closed in November 2017 and updated beneficiary numbers will be available in February 2018. As a result, information on beneficiaries is not included in this document.
2. The table includes estimates for compacts that have ERRs from which income benefit calculations can be drawn. Information for Indonesia is only available for one out of three projects at this time.
3. These estimates do not include the projected beneficiaries of projects or activities that have been terminated or suspended by MCC (Madagascar, Honduras, Nicaragua, Mali, and Armenia). In the case of Madagascar, the estimates account for the compact's early termination.
4. The Present Value (PV) of Benefits is the sum of all projected benefits accruing over the life of the project, typically 20 years, evaluated at a 10% discount rate. Estimates are reported in millions of US\$ in the year that the ERR analysis was completed. Because the PV of benefits uses a discount rate, these figures cannot be compared directly to the undiscounted financial costs of MCC compacts, but must be compared to the PV of costs instead.
5. The table includes estimates for compacts that have ERRs from which income benefit calculations can be drawn. Information for Indonesia is only available for one out of three projects at this time.
6. Column totals may not equal the sum of the individual rows due to rounding.
7. <https://data.MCC.gov/evaluations/index.php/catalog>
8. <https://data.MCC.gov/evaluations/index.php/catalog>
9. <https://www.MCC.gov/our-impact/principles-into-practice>



## Reducing Poverty Through Growth

